

HOUSE JOURNAL

SEVENTY-NINTH LEGISLATURE, THIRD CALLED SESSION

PROCEEDINGS

SEVENTEETH DAY — FRIDAY, MAY 12, 2006

The house met at 10 a.m. and was called to order by the speaker.

The roll of the house was called and a quorum was announced present (Record 67).

Present — Mr. Speaker; Allen, A.; Alonzo; Anchia; Anderson; Bailey; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Callegari; Campbell; Casteel; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Corte, V.; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; England; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hernandez; Herrero; Hilderbran; Hill; Hochberg; Hodge; Homer; Hope; Hopson; Howard, C.; Howard, D.; Hughes; Hunter; Hupp; Isett, C.N.; Jackson; Jones, D.; Jones, J.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberg; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Miller; Morrison; Mowery; Naishtat; Nixon; Noriega, R.; Oliveira; Olivo; Orr; Otto; Paxton; Peña; Phillips; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rodriguez; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solis; Solomons; Strama; Straus; Swinford; Talton; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; West; Wong; Woolley; Zedler.

Absent, Excused — Denny; Moreno, P.

Absent — Castro.

The invocation was offered by Tim S. Clayton, pastor, First Baptist Church, Giddings, as follows:

O Lord, our God, as we seek your guidance this day, we do not ask to see all that may come, but we do ask, Heavenly Father, that we may see the steps necessary for today and today's issues. Make, then, those steps apparent to us so that we each may see where our duty lies.

Father, for this we need your wisdom, so we acknowledge our need to turn to you this day so that we may bring glory to you through the business that is transacted here today, and that the result would be for your glory and for the blessings and benefit of the people of the great State of Texas. Help us to remember that "small deeds done are better than great deeds planned" (Peter Marshall, Chaplain to the U.S. Senate, January 27, 1949).

Father, bless these state representatives with the assurance that your work, done with total trust in you and respect for each other, will not lack your resources. Surpass any impasse with divinely-inspired solutions. In these moments, stop our minds from wandering, help us guard our hearts and watch our tongues, and purify our wills so that your will may be made evident in this chamber today. In Jesus' strong and mighty name we pray. Amen.

The speaker recognized Representative R. Cook who led the house in the pledges of allegiance to the United States and Texas flags.

LEAVE OF ABSENCE GRANTED

The following member was granted leave of absence for today because of illness in the family:

P. Moreno on motion of Pickett.

CAPITOL PHYSICIAN

The speaker recognized Representative Orr who presented Dr. Joe White of Joshua as the "Doctor for the Day."

The house welcomed Dr. White and thanked him for his participation in the Physician of the Day Program sponsored by the Texas Academy of Family Physicians.

(Dutton in the chair)

BILLS AND RESOLUTIONS SIGNED BY THE SPEAKER

Notice was given at this time that the speaker had signed bills and resolutions in the presence of the house (see the addendum to the daily journal, Signed by the Speaker, Senate List No. 4).

(Speaker in the chair)

PROCLAMATIONS BY THE GOVERNOR OF THE STATE OF TEXAS

The chair laid before the house and had read the following proclamations by the governor:

TO THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE SEVENTY-NINTH TEXAS LEGISLATURE, THIRD CALLED SESSION:

WHEREAS, the people of Texas through their state constitution have placed the power to call the legislature into special session in the hands of the chief executive officer of the state; and

WHEREAS, the members of the Seventy-Ninth Texas Legislature, Third Called Session, have now convened to consider items presented to them by the governor;

NOW, THEREFORE, I, RICK PERRY, governor of the State of Texas, by the authority vested in me by Article IV, Section 8 and Article III, Section 40 of the Texas Constitution, do hereby present the following subject matter to the Seventy-Ninth Texas Legislature, Third Called Session for consideration:

Legislation transferring the administration of the Irma Rangel School of Pharmacy from Texas A&M University–Kingsville to The Texas A&M University System Health Science Center.

IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 12th day of May, 2006.

Rick Perry
Governor of Texas

(SEAL)
Roger Williams
Secretary of State

TO THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE SEVENTY-NINTH TEXAS LEGISLATURE, THIRD CALLED SESSION:

WHEREAS, the people of Texas through their state constitution have placed the power to call the legislature into special session in the hands of the chief executive officer of the state; and

WHEREAS, the members of the Seventy-Ninth Texas Legislature, Third Called Session, have now convened to consider items presented to them by the governor;

NOW, THEREFORE, I, RICK PERRY, governor of the State of Texas, by the authority vested in my by Article IV, Section 8 and Article III, Section 40 of the Texas Constitution, do hereby present the following subject matter to the Seventy-Ninth Texas Legislature, Third Called Session for consideration:

Legislation preserving the dignity and respect of funeral services by prohibiting certain disruptive behavior.

IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 12th day of May, 2006.

Rick Perry
Governor of Texas

(SEAL)
Roger Williams
Secretary of State

HB 5 - WITH SENATE AMENDMENTS

Representative Hamric called up with senate amendments for consideration at this time,

HB 5, A bill to be entitled An Act relating to increases in the taxes on cigarettes and other tobacco products.

HB 5 - POINT OF ORDER

Representative Edwards raised a point of order against further consideration of **HB 5** under Rule 11, Section 2 and Rule 8, Section 3 of the House Rules and Article III, Section 30 of the Texas Constitution on the grounds that the senate amendments are not germane, they change the original purpose of the bill, and the bill contains more than one subject.

The speaker sustained the point of order, speaking as follows:

Representative Edwards raises a point of order against further consideration of **HB 5** on the following grounds: (1) that the senate amendment contains language that is not germane to the bill and therefore violates Rule 11, Section 2 of the House Rules; and (2) that the senate amendment violates Article III Section 30, of the Texas Constitution and Rule 8, Section 3, of the House Rules.

These are the same points of order that the house already sustained on **HB 2** six days ago. All three points of order will be sustained on the same grounds and the same rationale that the points of order were sustained on **HB 2** six days ago (79 H.J. 3 C.S. 235 (2006)).

The points of order are sustained. Accordingly, the chair instructs the chief clerk to return **HB 5** to the senate with a message to that effect.

The ruling precluded further consideration of **HB 5**.

HB 1 - HOUSE CONCURS IN SENATE AMENDMENTS TEXT OF SENATE AMENDMENTS

Representative Chisum called up with senate amendments for consideration at this time,

HB 1, A bill to be entitled An Act relating to public school finance, property tax relief, and related matters; making an appropriation.

HB 1 - STATEMENT OF LEGISLATIVE INTENT

REPRESENTATIVE CASTEEL: Mr. Chisum, will you help me with just a couple things? I'm trying to be supportive. Couple of questions. Always been interested in teacher pay—

REPRESENTATIVE CHISUM: Absolutely.

CASTEEL: And are we being up front when we say we're passing a \$2,000 pay raise when actually \$500 of that is already in the mix for insurance reimbursement. Are we actually doing \$1,500 plus the \$500 or are we doing \$2,000 plus the \$500?

CHISUM: You are correct in the last, it's \$2,000 plus the \$500, which in fact could be used as pay raise or set aside as health insurance and those sort of things.

CASTEEL: So it's \$2,000 plus \$500?

CHISUM: Absolutely.

CASTEEL: And in addition, when the \$500 is back on the table for the paraprofessionals and the other people who work in education?

CHISUM: Absolutely, that money is still available.

CASTEEL: Alright, now then, the next question I have is—I've been trying to understand—I thought and I want to believe this that we are actually going to do a true property tax reduction for our folks at home. I mean, we promised that, we've been talking about it the two terms I've been here.

CHISUM: Absolutely.

CASTEEL: Okay, so I'm thinking I want to send home a steak, not a piece of bacon, a steak. So here's my question we're telling Mom and Pop Casteel, "We're going to drive your property tax down, we hope, to a dollar."?

CHISUM: That's correct.

CASTEEL: Alright, and we're going to pass these bills: the governor's plan, the business plan, three, the cigarette tax, maybe or maybe not five, and the liar's affidavit, four. And from those funds, we're going to fund your property tax relief?

CHISUM: That is correct.

CASTEEL: So I'm excited. My left pocket is full. And my family is going to benefit, so I'm happy. But then I look and see in the year 2008, we're somewhere between \$4.2 billion and \$5 billion short and in 2009 it may be \$5.2 billion. In 2010, it may be 10, so now I'm thinking, "Daddy Casteel, you didn't get a steak, you got a piece of bacon. And your left pocket was excitedly full and now it's been jerked out of your right pocket." Now make me feel like my steak is staying with me.

CHISUM: You know, we have a surplus, which was added this morning, and the economy is extremely strong and I know about those fiscal notes.

CASTEEL: I lived through the 80s and I know how the economy can flip, but let's assume the surplus stays the same. We're still short. I think if you look at the numbers if you could, and I understand that the comptroller cannot certify in '08 or '09, you can't do that because it's a guess. But let's play like she could. So if she took the current surplus, and she took what we anticipate from the new business tax, the cigarette tax, the liar's affidavit tax, you're still going to be short. You're still going to be short, unless you're banking on the fact that we're going to win the lottery and in fact the surplus will just be humongous, if it's not—I mean, I'm not going to be here, so I'm not worried. But I'm worried as Mommy and Daddy Casteel because I'll be at home paying, I'll be sending my steak back, I want to make sure that you don't come back and say, "Whoops, made a mistake. We've got to raise you're taxes." Maybe it's a sales tax, maybe it's an income tax, but we have to come back because we've promised you this and we've got to deliver it in these years. Now make me feel better.

CHISUM: Alright, the comptroller actually estimated the price of oil at \$35. Do you know how long it's been since we've had \$35 oil? You've got a reasonable thought about what that is to the State of Texas? There's no evidence that that's going to stop. There's no evidence that the Barnett Shale, which is going to contribute \$3 billion unanticipated to that—it will get even larger.

CASTEEL: I hope you are right, but if ethanol or if some of these price controls or some of these other things that people want to do because they are mad at the oil industry happen, you're still banking on what's coming down.

CHISUM: And I have a lot of confidence in this economic engine in the State of Texas and the fact that we're going to settle for a long time this issue with school finance. And we have reconstructed our business tax, and I think that we're on good ground here, and if I didn't—you know me better than that. I would not stand down here and present this bill.

CASTEEL: Warren, I don't doubt you at all, but what I worry about is the fact that we make promises and then we have to take them back, and I'm telling you it's going to happen based on the figures at this point. So my concern is, when we do this, are we going to be up front with the tax payer? And say it probably will be back in '07 with a tacit sales tax or in '09 will some other kind of tax because this is not going to generate the amount of money that it's going to take—we're going to be \$3, \$4, \$5 billion short each year unless what you and I hope, oil sells for \$200 a barrel, and we get a lot of money. You, me, and the steak.

CHISUM: I agree, Carter, and you know we would not be truthful to the people of Texas if we didn't express that we are concerned about that, but we have some very good economists that worked on this business tax bill. We're bringing a huge number of people back into paying the tax and you know that as well as anybody.

CASTEEL: But you know what? You going to take some people out. I can already tell you that there's law industries—or lawyers in this state—that are in incorporations are going to go into general partnerships. So while you're thinking you're closing some loopholes, you've opened up some more. But I agree. I just want to make sure that we're not getting ourself in a box, again, by telling the public, "We're going to a dollar, rest assured, you'll never have another problem again." When we're really going to come back with a new tax down the road in order to fund this because we're going to be short.

CHISUM: I don't believe that that's going to happen, Carter. I believe that we will fund this and we will make it work.

CASTEEL: Okay, well I hope you're right, and I don't mean to be a naysayer, but I don't think it's going to happen. Now let me ask you this question, let's assume that—

CHISUM: Carter, we may not because you may not be here to help us and I know you—

CASTEEL: Yeah, well, I'll be at home. I'll be helping you at home. Let me ask you this question, what happens to the needs of—and I'm interested in educators, I'll just use them—what happens to the needs of education two years from now? What happens to the needs in CHIP, or Medicaid, or jails, what happens to them? And I say the reason I ask that is because I don't believe or it doesn't appear to

me, and you can correct me if I'm wrong, that we're not too interested in what educators have to say to us, we're not interested. So how can you assure me that we're going to be able to have the funds to take care of education?

CHISUM: Well, Carter, and maybe we can get Mr. Pitts up here to talk about it, you know if you just take the worst look at this you know the big driver that's driving our budget is healthcare and this doesn't solve that. It doesn't have anything to do with that, but let me tell you we will answer those things, and we will do it in a timely manner, and we will do it because our economy is strong and we're going to do okay. And education will always be in the forefront. And if we have to do something to make sure education stays at the front, I guarantee this house and the senate will make that happen.

CASTEEL: Okay, my question is if you're \$3, \$4, to \$5 billion short a year and you just told me that health is a driving force as well as some other issues, where do those funds come from? Are they coming from the surplus as well?

CHISUM: Well, they're going to come a lot from some of the manners that we've put in through the **HB 2219**. You know we're going to be working on and this rising cost of healthcare is going to rise a lot faster—

CASTEEL: You will agree with me, in the State of Texas we can only spend what we've got. We're not Washington DC.

CHISUM: Absolutely, we can only spend what we've got. And we don't want to do anything differently.

CASTEEL: Are we going to get all this money to do all this stuff without going back to Mom and Pop Casteel and say, "you have to now take money out of that left pocket that we gave you and start funding again through tax increases?" Are you setting yourself up for another tax increase?

CHISUM: Carter, I don't think so. And let me tell you, we're talking about property taxes here and we're not going to go back and redo—we're going to hold that property tax down because we want your mom and pop to stay in their home. We don't want to tax them out of their home.

CASTEEL: But now remember, Mom and Pop Casteel need to go to the store. I've got to buy shoes. So, you may tell me, Carter, your property tax at home is good, but when I go it's my sales tax or some other kind of tax that we've dreamed up here. Then we're going to be back telling the public, "Well, we fixed the property tax, now we've got to go fix this tax." I think we're playing a shell game and it disturbs me. I hope we're not. You're telling me we're not.

CHISUM: No, I'm not telling you we're not. You know exactly that—you are a very intelligent lady and that's the reason we're going to miss you because you point those things out. It is not going to be easy, Carter. It is not going to be easy.

CASTEEL: Well here's all I'm asking. Are we willing, as a body, to tell our people at home we are attempting to help you with property tax, but get ready sister because we'll be back for more?

CHISUM: Absolutely.

CASTEEL: Absolutely. So you're admitting that we'll be back for more?

CHISUM: Carter, it's going to cost more to operate government tomorrow than it does today and we're well aware of that.

(Eiland in the chair)

HB 1 - STATEMENT OF LEGISLATIVE INTENT

REPRESENTATIVE MADDEN: First of all, does Article V in any way take away from the State Board of Education's authority or power to approve and adopt curriculum?

CHISUM: Absolutely not.

MADDEN: If the elected State Board of Education disagrees with the findings of the vertical alignment teams or disagrees with what the commissioners have approved, can the State Board of Education reject their findings and not approve and adopt what the commissioners have approved?

CHISUM: Certainly they can. We're not taking that ability away from what they want to say and they can—so, yes you are right.

MADDEN: I certainly read that in the legislation and in the language there and certainly agree with you. Also, if the State Board of Education disagrees with portions of the commissioner's approved report, can that state board only adopt portions of the report they agree with and not adopt those portions they may disagree with?

CHISUM: I hope you're not asking me about their parliamentary procedure over there where they can divide the question on a report and only adopt parts of that. I would think that would be the case, because you wouldn't want them to adopt something that they didn't agree with, but if you're asking me their parliamentary procedure that they operate their state board then I have to tell you, I'm not aware of that. But it would be my answer to your question, I think yes, they can.

MADDEN: Okay, and it's not our position here to deal with their parliamentary procedures. That is their responsibility, that they have whatever rules of the state board.

CHISUM: That is correct.

REMARKS ORDERED PRINTED

Representative Madden moved to print remarks between Representative Chisum and Representative Madden.

The motion prevailed.

(Speaker in the chair)

REMARKS ORDERED PRINTED

Representative Leibowitz moved to print remarks between Representative Casteel and Representative Chisum.

The motion prevailed.

(Keel in the chair)

Representative Chisum moved that the house concur in the senate amendments to **HB 1**.

Representative Hochberg offered a substitute motion that the house not concur and that a conference committee be requested to adjust the differences between the two houses on the bill.

(Speaker in the chair)

(Castro now present)

LEAVES OF ABSENCE GRANTED

The following member was granted leave of absence for the remainder of today because of illness:

Olivo on motion of Naishtat.

The following member was granted leave of absence for the remainder of today because of important business in the district:

Solis on motion of Flores.

HB 1 - (consideration continued)

(Nixon in the chair)

Representative Turner moved to extend Representative Chisum's speaking time.

A record vote was requested.

The motion to extend time prevailed by (Record 68): 105 Yeas, 32 Nays, 3 Present, not voting.

Yeas — Allen, A.; Alonzo; Anchia; Anderson; Bailey; Blake; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Callegari; Casteel; Castro; Chavez; Coleman; Cook, R.; Davis, J.; Davis, Y.; Dawson; Deshotel; Dukes; Dunnam; Dutton; Edwards; Eiland; Elkins; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Guillen; Haggerty; Hamilton; Hardcastle; Harper-Brown; Hegar; Hernandez; Herrero; Hilderbran; Hill; Hochberg; Hodge; Homer; Hopson; Howard, C.; Howard, D.; Hughes; Hunter; Hupp; Jones, J.; Keffer, J.; King, T.; Kolkhorst; Kuempel; Laney; Leibowitz; Luna; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Miller; Naishtat; Noriega, R.; Oliveira; Orr; Otto; Peña; Phillips; Pickett; Pitts; Puente; Quintanilla; Raymond; Ritter; Rodriguez; Rose; Smith, T.; Solomons; Strama; Straus; Talton; Thompson; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; Wong.

Nays — Berman; Bohac; Campbell; Chisum; Cook, B.; Corte, V.; Crabb; Driver; Eissler; Grusendorf; Hamric; Hartnett; Hope; Isett, C.N.; Jackson; Jones, D.; Keel; Keffer, B.; Krusee; Laubenberg; Madden; Mowery; Paxton; Riddle; Seaman; Smith, W.; Smithee; Swinford; Taylor; Truitt; West; Zedler.

Present, not voting — Mr. Speaker; England; Nixon(C).

Absent, Excused — Denny; Moreno, P.; Olivo; Solis.

Absent — Crownover; Delisi; King, P.; Morrison; Reyna; Woolley.

STATEMENT OF VOTE

I was shown voting present, not voting on Record No. 68. I intended to vote yes.

England

HB 1 - STATEMENT OF LEGISLATIVE INTENT

REPRESENTATIVE HERRERO: Representative Chisum, I have a question on the intent of this bill. Is there a uniform start date in this bill for schools?

CHISUM: There is a uniform date within a week of the fourth Monday of August—anytime during that week.

HERRERO: Does that uniform start date apply to year round school districts?

CHISUM: I'm assuming if you're a year round school district you don't have start dates.

HERRERO: Well, there is a start to a school year and an end to the school year. My question is, Representative Chisum, does this uniform start date in this bill apply to uniform school districts?

CHISUM: Yes sir. It's not something that the superintendant of schools can waiver. That's part of the deal.

HERRERO: So when I go back to District 34, which is the district I represent, and given the number of schools that are year round, am I then to instruct them that their school year for '06-'07 must begin according to this bill's starting date?

CHISUM: No sir, I'm instructed that year round schools are exempted

HERRERO: So they are exempt from this uniform start date, is that correct?

CHISUM: Yes it is.

HERRERO: Is that the intent of the bill, Representative Chisum?

CHISUM: That's not just the intent, that's the way it is.

REMARKS ORDERED PRINTED

Representative Herrero moved to print remarks between Representative Chisum and Representative Herrero.

The motion prevailed.

LEAVE OF ABSENCE GRANTED

The following member was granted leave of absence for the remainder of today because of important business in the district:

Phillips on motion of Hughes.

HB 1 - (consideration continued)

Representative Chisum moved to table the substitute motion that the house not concur in senate amendments and that a conference committee be requested.

(Speaker in the chair)

A record vote was requested.

The motion to table prevailed by (Record 69): 85 Yeas, 58 Nays, 1 Present, not voting.

Yeas — Anderson; Bailey; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Chisum; Cook, B.; Cook, R.; Corte, V.; Crabb; Crownover; Davis, J.; Dawson; Delisi; Driver; Dutton; Edwards; Eissler; England; Flynn; Gattis; Geren; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hilderbran; Hill; Hope; Howard, C.; Hughes; Hunter; Hupp; Isett, C.N.; Jackson; Jones, D.; Keel; Keffer, B.; Keffer, J.; King, P.; Kolkhorst; Krusee; Laubenberg; Luna; Madden; McCall; McReynolds; Morrison; Mowery; Nixon; Orr; Otto; Paxton; Pitts; Reyna; Riddle; Ritter; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Straus; Swinford; Talton; Taylor; Truitt; Van Arsdale; West; Wong; Woolley; Zedler.

Nays — Allen, A.; Alonzo; Anchia; Burnam; Casteel; Castro; Chavez; Coleman; Davis, Y.; Deshotel; Dukes; Dunnam; Eiland; Elkins; Escobar; Farabee; Farrar; Flores; Frost; Gallego; Giddings; Gonzales; Gonzalez Toureilles; Haggerty; Hamilton; Hernandez; Herrero; Hochberg; Hodge; Homer; Hopson; Howard, D.; Jones, J.; King, T.; Kuempel; Laney; Leibowitz; Martinez; Martinez Fischer; McClendon; Menendez; Merritt; Naishtat; Noriega, R.; Oliveira; Peña; Pickett; Puente; Quintanilla; Raymond; Rodriguez; Strama; Thompson; Turner; Uresti; Veasey; Villarreal; Vo.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Denny; Moreno, P.; Olivo; Phillips; Solis.

Absent — Miller.

STATEMENTS OF VOTE

I was shown voting no on Record No. 69. I intended to vote yes.

Kuempel

When Record No. 69 was taken, my vote failed to register. I would have voted yes.

Miller

HB 1 - POINT OF ORDER

Representative Thompson raised a point of order against further consideration of **HB 1** under Rule 11, Section 2 of the House Rules on the grounds that the senate amendments are not germane to the bill.

COMMITTEE MEETING ANNOUNCEMENT

The following committee meeting was announced:

Criminal Jurisprudence, 12:20 p.m. today, 3W.9, for a formal meeting, to consider **HB 97**.

**PROCLAMATION BY THE GOVERNOR
OF THE STATE OF TEXAS**

The chair laid before the house and had read the following proclamation by the governor:

TO THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE SEVENTY-NINTH TEXAS LEGISLATURE, THIRD CALLED SESSION:

WHEREAS, the people of Texas through their state constitution have placed the power to call the legislature into special session in the hands of the chief executive officer of the state; and

WHEREAS, the members of the Seventy-Ninth Texas Legislature, Third Called Session, have now convened to consider items presented to them by the governor;

NOW, THEREFORE, I, RICK PERRY, governor of the State of Texas, by the authority vested in my by Article IV, Section 8 and Article III, Section 40 of the Texas Constitution, do hereby present the following subject matter to the Seventy-Ninth Texas Legislature, Third Called Session for consideration:

Legislation permitting the railroad commission to acquire title to carbon dioxide captured by a clean coal project that meets the FutureGen project profile including the transfer costs, liability issues, and sale of carbon dioxide for beneficial use.

IN TESTIMONY WHEREOF, I have signed my name officially and caused the Seal of the State to be affixed hereto at Austin, this 12th day of May, 2006.

Rick Perry
Governor of Texas

(SEAL)
Roger Williams
Secretary of State

24 HOUR POSTING RULE SUSPENDED

Representative Farabee moved to suspend the 24 hour posting rule to allow the Committee on Energy Resources to consider **HB 149** at 12:25 p.m. today in 2W.25.

The motion prevailed.

COMMITTEE MEETING ANNOUNCEMENT

The following committee meeting was announced:

Energy Resources, 12:25 p.m. today, 2W.25, for a public hearing.

HR 466 - ADOPTED
(by Menendez)

Representative Menendez moved to suspend all necessary rules to take up and consider at this time **HR 466**.

The motion prevailed.

The following resolution was laid before the house:

HR 466, Honoring Roberto Zarate on the occasion of his retirement as principal of Mary Hull Elementary in San Antonio.

HR 466 was read and was adopted.

INTRODUCTION OF GUESTS

The speaker recognized Representative Menendez who introduced Roberto Zarate and his family.

COMMITTEE MEETING ANNOUNCEMENT

The following committee meeting was announced:

Energy Resources, 12:45 p.m. today, 3W.9, for a formal meeting, to consider **HB 149**.

HB 1 - POINT OF ORDER DISPOSITION

The speaker overruled the point of order, speaking as follows:

Ms. Thompson raises a point of order against further consideration of **HB 1** on the grounds that the senate amendments violate Rule 11, Section 2. The chair overrules the point of order for the following reasons:

(1) **HB 1** is within the governor's call. Under established precedent, it follows logically that any germane amendment also falls within the call. (House Precedent and Explanatory notes following Rule 8, Section 21)

(2) The chair finds that the amendments that are at issue are germane to the bill. The engrossed version of **HB 1** as it left the house contained provisions relating to academic reform and accountability. Under even the strictest of construction, the chair finds that there is a sufficient nexus between the senate amendments at issue and the engrossed version of **HB 1**.

For these reasons, the point of order is respectfully overruled.

HB 1 - STATEMENT OF LEGISLATIVE INTENT

REPRESENTATIVE EILAND: Mr. Chisum, just for legislative intent, this provision, if there's any issue with the TRS Pensions Fund remaining a qualified fund on an IRS code, is it your intent that the board would take action under Government Code 825.506, take whatever action is necessary, including suspending the ability to take any non-credible compensation in order for the plan to remain qualified?

REPRESENTATIVE CHISUM: That certainly is my intent.

REMARKS ORDERED PRINTED

Representative Eiland moved to print remarks between Representative Chisum and Representative Eiland.

The motion prevailed.

HB 1 - STATEMENT OF LEGISLATIVE INTENT

REPRESENTATIVE MCREYNOLDS: Warren, strictly for the record, so that we can know intent beyond a question of a doubt and there's no doubt in anybody's mind—let me ask you three questions, please. Is it true that the basic allotment, the guaranteed yield, and the equalized wealth level are all set at the 88th percentile at wealth under this \$1.33?

CHISUM: That is correct in this bill.

MCREYNOLDS: The next applies to the meaningful discretion tier—the next two. Is it true that the first four cents in '07 and '08, and the two cents in '09, in the meaningful discretion tier, there is no recapture and the equalized level is linked to the wealth level of the Austin Independent School District?

CHISUM: That's correct, and that was six pennies in total, not four twice.

MCREYNOLDS: And the last question, Warren, strictly for the record, is it true for the last 11 cents of the meaningful discretion tier that the guaranteed yield is at \$31.95 and the equalized wealth level is a little over \$319,000?

CHISUM: That's exactly right, and that's in this enrichment tier of this bill in that print.

REMARKS ORDERED PRINTED

Representative McReynolds moved to print remarks between Representative Chisum and Representative McReynolds.

The motion prevailed.

The motion to concur in the senate amendments to **HB 1** prevailed by (Record 70): 136 Yeas, 8 Nays, 0 Present, not voting.

Yeas — Mr. Speaker(C); Allen, A.; Alonzo; Anchia; Anderson; Bailey; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Cook, B.; Cook, R.; Corte, V.; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; England; Escobar; Farabee; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hernandez; Herrero; Hilderbran; Hill; Hochberg; Hodge; Homer; Hope; Hopson; Howard, C.; Howard, D.; Hughes; Hunter; Hupp; Isett, C.N.; Jackson; Jones, D.; Jones, J.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberger; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Miller; Morrison; Mowery; Naishtat; Nixon; Orr; Otto; Paxton; Peña; Pickett; Pitts; Puente;

Quintanilla; Raymond; Reyna; Riddle; Ritter; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Strama; Straus; Swinford; Talton; Taylor; Thompson; Truitt; Turner; Van Arsdale; Vo; West; Wong; Woolley; Zedler.

Nays — Burnam; Coleman; Farrar; Noriega, R.; Oliveira; Rodriguez; Veasey; Villarreal.

Absent, Excused — Denny; Moreno, P.; Olivo; Phillips; Solis.

Absent — Uresti.

STATEMENT OF VOTE

When Record No. 70 was taken, I was temporarily out of the house chamber. I would have voted yes.

Uresti

REASONS FOR VOTE

I initially voted for **HB 1** in the house because it was a simple bill that achieved the goal of this special session: to reform the school finance system and provide school district property tax relief. The bill that came back from the senate was dramatically different, combining property tax relief with a hodge-podge of education reforms.

While I am glad that teachers, counselors, nurses, and librarians will receive a \$2,000 pay raise, I consider that only a good start toward paying them what they deserve. All education employees, including support personnel, need and deserve a minimum of a \$3,000 salary increase and a restoration of the \$1,000 health care stipend. Our teachers have not received a pay raise from the state since 1999. Even with this \$2,000 pay raise, the average Texas teacher's salary will still lag nearly \$5,000 under the national average. Without better compensation, teachers will continue to leave the profession in droves. According to a study done by Sam Houston State University, 46 percent of Texas teachers are considering leaving the profession with lack of compensation being a major reason.

I am also concerned with other aspects of this bill including:

(1) The Williams amendment added in the senate, which will likely require much of the available revenue in the next biennium and in the future to pay for property tax cuts. This could threaten the legislature's ability to fund education, health care, transportation, public safety, and other pressing state needs in the future.

(2) An incentive pay program that will further emphasize the importance of standardized test taking in schools. Our teachers' priority should be teaching our children, not teaching our children how to take tests.

(3) The continuing erosion of local control with the mandatory school starting date and the low threshold established for allowing the commissioner of education to order the private takeover of public schools.

Despite these concerns, I feel it is important that the legislature meet its duty by fulfilling the property tax relief requirements of the supreme court order. And, although not as much as I wanted, the bill does improve teacher compensation. That is why I voted to concur in senate amendments to **HB 1**.

Leibowitz

I voted against concurrence with senate amendments to **HB 1** because the bill could force future tax increases, especially sales taxes, which disproportionately hurt Texas' poor citizens, or cut governmental services to the same poor, needy Texans. Either way, **HB 1** will have a detrimental impact.

If the spending provisions of the bill are maintained, Texas will have to come up with more than \$5 billion per year in the next biennium. Current revenue projections for the next two years are nowhere near sufficient to cover that cost. Clearly, the next legislature will have to take significant action—either tax increases or large budget cuts—to resolve the shortfall.

Additionally, **HB 1** does much less than it could have to help Texas teachers. While the bill does provide a pay raise, once adjusted for inflation, Texas teachers still earn less than they did in 2000. Consequently, teacher pay in Texas falls further behind the national average. The money in **HB 1** that is dedicated to unproven, and poorly outlined, incentives could have been used to provide another \$1,000 per teacher.

For these reasons, and other, I voted against concurrence of **HB 1**.

Oliveira

Senate Committee Substitute

CSHB 1, relating to public school finance, property tax relief, public school accountability and programs, and related matters; making an appropriation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. PUBLIC SCHOOL FINANCE AND PROPERTY TAX RELIEF

SECTION 1.01. Section 41.002(a), Education Code, is amended to read as follows:

(a) A school district may not have a wealth per student that exceeds:

(1) the wealth per student that generates the amount of maintenance and operations tax revenue available to a district at the 88th percentile in wealth per student, for the district's maintenance and operations tax effort equal to or less than the rate equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50;

(2) the wealth per student that generates the amount of maintenance and operations tax revenue available to a school district at the percentile of wealth per student corresponding to the amount of revenue per student per cent of tax effort under Section 42.302(a-1)(2) for which state funds are appropriated for that school year, for the district's maintenance and operations tax effort equal to or less than the rate equal to the sum of the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50, and \$0.04, subject to Section 41.093(b-1); or

(3) \$305,000, for the district's maintenance and operations tax effort that exceeds the first four cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50.

SECTION 1.02. Section 41.093, Education Code, is amended by amending Subsection (a) and adding Subsection (b-1) to read as follows:

(a) Subject to Subsection (b-1), the ~~The~~ cost of each credit is an amount equal to the greater of:

(1) the amount of the district's maintenance and operations tax revenue per student in weighted average daily attendance for the school year for which the contract is executed; or

(2) the amount of the statewide district average of maintenance and operations tax revenue per student in weighted average daily attendance for the school year preceding the school year for which the contract is executed.

(b-1) If the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302(a-1)(2) is an amount at least equal to the amount of revenue per student per cent of tax effort available to a district at the 96th percentile in wealth per student, the commissioner, in computing the amounts described by Subsections (a)(1) and (2) and determining the cost of an attendance credit, shall exclude maintenance and operations tax revenue resulting from the first four cents by which a district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50.

SECTION 1.03. Section 42.101, Education Code, is amended to read as follows:

Sec. 42.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, for which an additional allotment is made under Subchapter C, a district is entitled to an allotment in an amount equal to the product of the amount per student per cent of tax effort available to a district at the percentile in wealth per student specified by Section 42.302(a-1)(1), multiplied by 86 ~~[of \$2,537]~~. A greater amount for any school year may be provided by appropriation.

SECTION 1.04. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2516 to read as follows:

Sec. 42.2516. ADDITIONAL STATE AID FOR TAX REDUCTION. (a) In this section, "state compression percentage" means the percentage, as determined by the commissioner, of a school district's adopted maintenance and operations tax rate for the 2005 tax year that serves as the basis for state funding for tax rate reduction under this section. The commissioner shall determine the state compression percentage for each school year based on the percentage by which a district is able to reduce the district's maintenance and operations tax rate for that year, as compared to the district's adopted maintenance and operations tax rate for the 2005 tax year, as a result of state funds appropriated for

distribution under this section for that year from the property tax relief fund established under Section 403.109, Government Code, or from another funding source available for school district property tax relief.

(a-1) Subsection (a) applies beginning with the state fiscal year ending August 31, 2009. For the state fiscal year ending August 31, 2007, the state compression percentage is 88.67 percent. For the state fiscal year ending August 31, 2008, the state compression percentage is 66.67 percent. This subsection expires September 1, 2009.

(b) Subject to Subsections (g) and (h), but notwithstanding any other provision of this title, a school district is entitled to state revenue necessary to provide the district with the sum of:

(1) the amount of state revenue necessary to maintain state and local revenue per student in weighted average daily attendance in the amount equal to the greater of:

(A) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district available to the district for the 2005-2006 school year;

(B) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district to which the district would have been entitled for the 2006-2007 school year under this chapter, as it existed on January 1, 2006, or, if the district would have been subject to Chapter 41, as that chapter existed on January 1, 2006, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2005-2006 school year, if the district imposed a maintenance and operations tax at the rate adopted by the district for the 2005 tax year; or

(C) the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district to which the district would have been entitled for the 2006-2007 school year under this chapter, as it existed on January 1, 2006, or, if the district would have been subject to Chapter 41, as that chapter existed on January 1, 2006, the amount to which the district would have been entitled under that chapter, based on the funding elements in effect for the 2005-2006 school year, if the district imposed a maintenance and operations tax at the rate equal to the rate described by Section 26.08(i) or (k)(1), Tax Code, as applicable, for the 2006 tax year;

(2) an amount equal to the product of \$2,500 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses employed by the district and entitled to a minimum salary under Section 21.402; and

(3) an amount equal to the product of \$207 multiplied by the number of students in average daily attendance in grades nine through 12 in the district.

(c) In determining the amount to which a district is entitled under Subsection (b)(1), the commissioner shall include:

(1) any amounts described by Rider 69, page III-19, Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005 (the General Appropriations Act);

(2) for a school district that received additional revenue for the 2005-2006 school year as a result of an agreement under Subchapter E, Chapter 41, the amount of that additional revenue, which is the amount by which the total maintenance and operations revenue available to the district exceeded the total maintenance and operations revenue that would have been available to the district if the district had not entered into the agreement and had imposed a maintenance and operations tax at the rate of \$1.50 on the \$100 valuation of taxable property;

(3) any amount necessary to reflect an adjustment made by the commissioner under Section 42.005;

(4) any amount necessary to reflect an adjustment made by the commissioner under Section 42.2521; and

(5) any amount necessary to reflect an adjustment made by the commissioner under Section 42.2531.

(d) In determining the amount to which a district is entitled under Subsection (b)(1) for a school year, the commissioner shall subtract an amount equal to the additional revenue for the school year that the district received as a result of an agreement under Subchapter E, Chapter 41, which is the amount by which the total maintenance and operations revenue available to the district exceeded the total maintenance and operations revenue that would have been available to the district if the district had not entered into the agreement and had imposed a maintenance and operations tax at the maximum rate permitted under Section 45.003(d).

(e) The amount of revenue to which a school district is entitled because of the technology allotment under Section 32.005 is not included in making a determination under Subsection (b)(1).

(f) For purposes of determining the amount of revenue to which a school district is entitled under this section, the commissioner shall use the average tax collection rate for the district for the 2003, 2004, and 2005 tax years.

(g) If a school district adopts a maintenance and operations tax rate that is below the rate equal to the product of the state compression percentage multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the commissioner shall reduce the district's entitlement under this section in proportion to the amount by which the adopted rate is less than the rate equal to the product of the state compression percentage multiplied by the rate adopted by the district for the 2005 tax year.

(h) Notwithstanding any other provision of this title, if the amount of state and local revenue per student in weighted average daily attendance for the maintenance and operations of the district available to the district in a school year as a result of increases to the equalized wealth level under Section 41.002, the basic allotment under Section 42.101, and the guaranteed level under Section 42.302 made by **HB 1**, Acts of the 79th Legislature, 3rd Called Session, 2006, exceeds the amount to which a district is entitled under Subsection (b) for that school year, the commissioner must:

(1) reduce the amount of state aid provided to the district for that school year by an amount equal to the excess revenue, as determined by the commissioner; or

(2) for a district with a wealth per student greater than the applicable amount described by Section 41.002(a), require the district to purchase a number of attendance credits for that school year at a cost equal to the amount of excess revenue, as determined by the commissioner.

(i) A school district that is required to take action under Chapter 41 to reduce its wealth per student to the equalized wealth level and that is entitled to state revenue under this section may receive that revenue through an adjustment against the total amount of attendance credits required to be purchased under Subchapter D, Chapter 41, or the total number of nonresident students required to be educated under Subchapter E, Chapter 41, as determined by the commissioner.

(j) If a school district reduces its maintenance and operations tax rate by an amount less than the rate equal to the product of the difference between the state compression percentage for the preceding year and the state compression percentage for the year of the reduction, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the commissioner may not reduce the amount to which the district is entitled under this section on the basis of the additional revenue collected by the district.

(k) The commissioner may adopt rules necessary to administer this section.

(l) A determination by the commissioner under this section is final and may not be appealed.

SECTION 1.05. Sections 42.253(g) and (h), Education Code, are amended to read as follows:

(g) If a school district demonstrates to the satisfaction of the commissioner that the estimate of the district's tax rate, student enrollment, or taxable value of property used in determining the amount of state funds to which the district is entitled are so inaccurate as to result in undue financial hardship to the district, the commissioner may adjust funding to that district in that school year to the extent that funds are available for that year~~[- including funds in the reserve account. Funds in the reserve account may not be used under this subsection until any reserve funds have been used for purposes of Subsection (f)].~~

(h) If the amount appropriated for the Foundation School Program for the second year of a state fiscal biennium is less than the amount to which school districts are entitled for that year, the commissioner shall certify the amount of the difference to the Legislative Budget Board not later than January 1 of the second year of the state fiscal biennium. The Legislative Budget Board shall propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under this subsection. If the legislature fails during the regular session to enact the proposed transfer and appropriation ~~[proposed under Subsection (f)]~~ and there are not funds available under Subsection (j), the commissioner shall reduce the total amount of state funds allocated to each district by an amount determined by a method under which the application of the same number of cents of increase in tax rate in all districts applied to the taxable value of property of each district, as determined under Subchapter M, Chapter

403, Government Code, results in a total levy equal to the total reduction. The following fiscal year, a district's entitlement under this section is increased by an amount equal to the reduction made under this subsection.

SECTION 1.06. Effective August 1, 2009, Sections 42.259(c), (d), and (f), Education Code, are amended to read as follows:

(c) Payments from the foundation school fund to each category 2 school district shall be made as follows:

(1) 22 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 18 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of October;

(3) 9.5 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of November;

(4) 7.5 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of April;

(5) five percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of May;

(6) 10 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of June;

(7) 13 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of July; and

(8) 15 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of August [~~after the fifth day of September and not later than the 10th day of September of the calendar year following the calendar year of the payment made under Subdivision (1).~~].

(d) Payments from the foundation school fund to each category 3 school district shall be made as follows:

(1) 45 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 35 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of October; and

(3) 20 percent of the yearly entitlement of the district shall be paid in an installment to be made on or before the 25th day of August [~~after the fifth day of September and not later than the 10th day of September of the calendar year following the calendar year of the payment made under Subdivision (1).~~].

(f) Any [~~Except as provided by Subsection (e)(8) or (d)(3), any~~] previously unpaid additional funds from prior years owed to a district shall be paid to the district together with the September payment of the current year entitlement.

SECTION 1.07. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.261 to read as follows:

Sec. 42.261. CERTAIN FUNDS APPROPRIATED FOR PURPOSE OF TAX REDUCTION. (a) Funds appropriated by the legislature for a tax year for the purpose of reducing a school district's maintenance and operations tax rate and providing state aid under Section 42.2516:

(1) are not excess funds for purposes of Section 42.2517;

(2) are not available for purposes of Section 42.2521 or 42.2522;

(3) may not be used for purposes of Chapter 46; and

(4) may not be provided by the commissioner to a school district for a purpose other than reduction of the district's maintenance and operations tax rate.

(b) The commissioner may adopt rules necessary to administer this section.

SECTION 1.08. Section 42.302, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (f) to read as follows:

(a) Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 42.303, is determined by the formula:

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is an amount described by Subsection (a-1) [~~\$27.14~~] or a greater amount for any year provided by appropriation;

"WADA" is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters B and C, less any allotment to the district for transportation, any allotment under Section 42.158, and 50 percent of the adjustment under Section 42.102, by the basic allotment for the applicable year;

"DTR" is the district enrichment tax rate of the school district, which is determined by subtracting the amounts specified by Subsection (b) from the total amount of maintenance and operations taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Subchapter M, Chapter 403, Government Code, or, if applicable, under Section 42.2521, divided by 100.

(a-1) In this subsection, "wealth per student" has the meaning assigned by Section 41.001. For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

(1) the amount of district tax revenue per student per cent of tax effort available to a district at the 88th percentile in wealth per student, as determined by the commissioner in cooperation with the Legislative Budget Board, for the district's maintenance and operations tax effort equal to or less than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50;

(2) the amount of district tax revenue per student per cent of tax effort available to a district at the 96th percentile in wealth per student, as determined by the commissioner in cooperation with the Legislative Budget Board, for the first four cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50; and

(3) \$27.14, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (2).

(f) If a school district imposes a maintenance and operations tax at a rate greater than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, the district is entitled to receive an allotment under this section on the basis of that greater tax effort.

SECTION 1.09. Section 42.303, Education Code, is amended to read as follows:

Sec. 42.303. LIMITATION ON ENRICHMENT TAX RATE. The district enrichment tax rate ("DTR") under Section 42.302 may not exceed the amount [\$0.64] per \$100 of valuation by which the maximum rate permitted under Section 45.003 exceeds the rate of \$0.86, or a greater amount for any year provided by appropriation.

SECTION 1.10. Section 30.003, Education Code, is amended by adding Subsection (f-1) to read as follows:

(f-1) The commissioner shall determine the total amount that the Texas School for the Blind and Visually Impaired and the Texas School for the Deaf would have received from school districts in accordance with this section if **HB 1**, Acts of the 79th Legislature, 3rd Called Session, 2006, had not reduced the districts' share of the cost of providing education services. That amount, minus any amount the schools do receive from school districts, shall be set aside as a separate account in the foundation school fund and appropriated to those schools for educational purposes.

SECTION 1.11. Section 44.004, Education Code, is amended by adding Subsection (c-1) to read as follows:

(c-1) The notice described by Subsection (c) must state in a distinct row or on a separate or individual line for each of the following taxes:

(1) the proposed rate of the school district's maintenance tax described by Section 45.003, under the heading "Maintenance Tax"; and

(2) if the school district has issued ad valorem tax bonds under Section 45.001, the proposed rate of the tax to pay for the bonds, under the heading "School Debt Service Tax Approved by Local Voters."

SECTION 1.12. Section 45.003, Education Code, is amended by amending Subsection (d) and adding Subsections (e) and (f) to read as follows:

(d) A proposition submitted to authorize the levy of maintenance taxes must include the question of whether the governing board or commissioners court may levy, assess, and collect annual ad valorem taxes for the further maintenance of public schools, at a rate not to exceed the rate[~~—which may be not more than \$1.50 on the \$100 valuation of taxable property in the district,~~] stated in the

proposition. For any year, the maintenance tax rate per \$100 of taxable value adopted by the district may not exceed the rate equal to the sum of \$0.17 and the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50.

(e) A rate that exceeds the maximum rate specified by Subsection (d) for the year in which the tax is to be imposed is void. A school district with a tax rate that is void under this subsection may, subject to requirements imposed by other law, adopt a rate for that year that does not exceed the maximum rate specified by Subsection (d) for that year.

(f) Notwithstanding any other law, a district that levied a maintenance tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value in the district as permitted by special law may not levy a maintenance tax at a rate that exceeds the rate per \$100 of taxable value that is equal to the sum of \$0.17 and the product of the state compression percentage, as determined under Section 42.2516, multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year.

SECTION 1.13. Section 56.208(a), Education Code, is amended to read as follows:

(a) The Early High School Graduation Scholarship program is financed under the Foundation School Program. Funding for the state tuition credits is not subject to the provisions of Sections 42.253(h) ~~[42.253(e)]~~ through (k).

SECTION 1.14. Section 26.08, Tax Code, is amended by amending Subsections (i) and (k) and adding Subsections (i-1), (n), (o), and (p) to read as follows:

(i) For purposes of this section, the effective maintenance and operations ~~[rollback]~~ tax rate of a school district is the sum of:

~~[(1)]~~ the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, including state funds that will be distributed to the district in that school year under Section 42.2516, Education Code, would provide the same amount of state funds distributed under Chapter 42, Education Code, including state funds distributed under Section 42.2516, Education Code, and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year];

~~[(2) the rate of \$0.06 per \$100 of taxable value; and~~

~~[(3) the district's current debt rate].~~

(i-1) For purposes of Subsections (i) and (k), any change from the preceding school year to the current school year in the amount of state funds distributed to a school district under Section 42.2516, Education Code, is not considered to be a change in a funding element for Chapter 42, Education Code. The amount of state funds distributed under Chapter 42, Education Code, and maintenance and operations taxes of the district per student in weighted average daily attendance

for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year is computed on the basis of the amount actually distributed to the district under Section 42.2516, Education Code, in the preceding school year.

(k) For purposes of this section, for the ~~[2003, 2004, 2005,]~~ 2006, 2007, or 2008 tax year, for a school district that is entitled to state funds under Sections 1581.1015(d), (e), and (f) [Section 4(a 1), (a 2), (a 3), (a 4), (a 5), or (a 6), Article 3.50-9], Insurance Code, the effective maintenance and operations [rollback] tax rate of the district is the sum of:

(1) the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, including state funds that will be distributed to the district in that school year under Section 42.2516, Education Code, would provide the same amount of state funds distributed under Chapter 42, Education Code, including state funds distributed under Section 42.2516, Education Code, and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year; and

(2) the tax rate that, applied to the current total value for the district, would impose taxes in the amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, including state funds that will be distributed to the district in that school year under Section 42.2516, Education Code, permits the district to comply with Section 1581.052 [3, Article 3.50-9], Insurance Code[;

~~[(3) the rate of \$0.06 per \$100 of taxable value; and~~

~~[(4) the district's current debt rate].~~

(n) For purposes of this section, the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was \$1.50 or less per \$100 of taxable value is:

(1) for the 2006 tax year, the sum of the rate that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of \$0.04 per \$100 of taxable value, and the district's current debt rate; and

(2) for the 2007 and subsequent tax years, the lesser of the following:

(A) the sum of the following:

(i) the rate per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 42.2516, Education Code, for the current year and \$1.50;

(ii) the rate of \$0.04 per \$100 of taxable value;

(iii) the rate that is equal to the greatest difference for the 2006 or any subsequent tax year between the adopted tax rate of the district for that year as approved in an election under this section and the rollback tax rate of the district for that year; and

(iv) the district's current debt rate; or

(B) the sum of the effective maintenance and operations tax rate of the district as computed under Subsection (i) or (k), as applicable, the rate of \$0.05 per \$100 of taxable value, and the district's current debt rate.

(o) For purposes of this section, the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was greater than \$1.50 per \$100 of taxable value is computed in the manner provided by Subsection (n) except that the maintenance and operations tax rate per \$100 of taxable value adopted by the district for the 2005 tax year is substituted for \$1.50 in a computation under that subsection.

(p) Notwithstanding Subsection (b) of this section, Section 41.001, Election Code, or any other law, an election held under this section to approve the adopted tax rate for a tax year must be ordered not later than August 31 of that tax year and must be held not later than September 30. If the election is not held by that date, the governing body of the school district may not adopt a tax rate for that tax year that exceeds the school district's rollback tax rate. The secretary of state shall prescribe the procedures necessary to implement this subsection and to ensure the proper and orderly conduct of the elections. The secretary of state shall adopt rules under this subsection in the manner provided by law for emergency rules. Any action taken by a person before the date this subsection takes effect in preparation for the implementation of the changes in law made by this subsection that the person determines is necessary or appropriate and that the person would have been authorized to take had this subsection been in effect at the time of the action is validated as of the effective date of this subsection.

SECTION 1.15. (a) Section 31.01(c), Tax Code, as amended by Chapters 1255 and 1368, Acts of the 79th Legislature, Regular Session, 2005, is reenacted and amended to read as follows:

(c) The tax bill or a separate statement accompanying the tax bill shall:

- (1) identify the property subject to the tax;
- (2) state the appraised value, assessed value, and taxable value of the property;
- (3) if the property is land appraised as provided by Subchapter C, D, E, or H, Chapter 23, state the market value and the taxable value for purposes of deferred or additional taxation as provided by Section 23.46, 23.55, 23.76, or 23.9807, as applicable;
- (4) state the assessment ratio for the unit;
- (5) state the type and amount of any partial exemption applicable to the property, indicating whether it applies to appraised or assessed value;
- (6) state the total tax rate for the unit;
- (7) state the amount of tax due, the due date, and the delinquency date;

(8) explain the payment option and discounts provided by Sections 31.03 and 31.05, if available to the unit's taxpayers, and state the date on which each of the discount periods provided by Section 31.05 concludes, if the discounts are available;

(9) state the rates of penalty and interest imposed for delinquent payment of the tax;

(10) include the name and telephone number of the assessor for the unit and, if different, of the collector for the unit;

(11) for real property, state for the current tax year and each of the preceding five tax years:

(A) the appraised value and taxable value of the property;

(B) the total tax rate for the unit;

(C) the amount of taxes imposed on the property by the unit; and

(D) the difference, expressed as a percent increase or decrease, as applicable, in the amount of taxes imposed on the property by the unit compared to the amount imposed for the preceding tax year;

~~[(11) for real property, state the differences, expressed as a percent increase or decrease, as applicable, in the following for the current tax year as compared to the fifth tax year before that tax year:~~

~~[(A) the appraised value of the property; and~~

~~[(B) the amount of taxes imposed on the property by the unit;] and~~

(12) for real property, state the differences, expressed as a percent increase or decrease, as applicable, in the following for the current tax year as compared to the fifth tax year before that tax year:

(A) the appraised value and taxable value of the property;

(B) the total tax rate for the unit; and

(C) the amount of taxes imposed on the property by the unit~~]; and~~

~~[(13) include any other information required by the comptroller].~~

(b) Section 31.01, Tax Code, is amended by adding Subsection (d-1) to read as follows:

(d-1) This subsection applies only to a school district. In addition to stating the total tax rate for the school district, the tax bill or the separate statement shall separately state:

(1) the maintenance and operations rate of the school district;

(2) if the school district has outstanding debt, as defined by Section 26.012, the debt rate of the district;

(3) the maintenance and operations rate of the school district for the preceding tax year;

(4) if for the current tax year the school district imposed taxes for debt, as defined by Section 26.012, the debt rate of the district for the current tax year;

(5) if for the preceding tax year the school district imposed taxes for debt, as defined by Section 26.012, the debt rate of the district for that year; and

(6) the total tax rate of the district for the preceding tax year.

(c) Section 31.01(c-1), Tax Code, as added by Chapter 1255, Acts of the 79th Legislature, Regular Session, 2005, is repealed.

(d) The change in law made by this section applies only to an ad valorem tax bill that is mailed on or after the effective date of this Act.

(e) If this Act is passed by the legislature without receiving a vote of two-thirds of all the members elected to each house and is approved by the governor, any action taken before the effective date of this Act in preparation for the implementation of the amendment made by this Act to Section 31.01, Tax Code, by an officer or employee of a taxing unit that the officer or employee determines is necessary or appropriate and that the officer or employee would have been authorized to take had this section been in effect at the time of the action is validated as of the effective date of this Act. A tax bill or separate statement accompanying the tax bill mailed before the effective date of this section that is in compliance with Section 31.01, Tax Code, as amended by this Act, is validated as of the effective date of this Act.

SECTION 1.16. Section 311.013, Tax Code, is amended by adding Subsection (n) to read as follows:

(n) This subsection applies only to a school district whose taxable value computed under Section 403.302(d), Government Code, is reduced in accordance with Subdivision (5) of that subsection. In addition to the amount otherwise required to be paid into the tax increment fund, the district shall pay into the fund an amount equal to the amount by which the amount of taxes the district would have been required to pay into the fund in the current year if the district levied taxes at the rate the district levied in 2005 exceeds the amount the district is otherwise required to pay into the fund in the year of the reduction, not to exceed the amount the school district realizes from the reduction in the school district's taxable value under Section 403.302(d)(5), Government Code.

SECTION 1.17. Section 403.302, Government Code, is amended by amending Subsections (d) and (i) and adding Subsections (c-1) and (d-1) to read as follows:

(c-1) This subsection applies only to a school district whose central administrative office is located in a county with a population of 9,000 or less and a total area of more than 6,000 square miles. If after conducting the annual study for a tax year the comptroller determines that the local value for a school district is not valid, the comptroller shall adjust the taxable value determined under Subsections (a) and (b) as follows:

(1) for each category of property sampled and tested by the comptroller in the school district, the comptroller shall use the weighted mean appraisal ratio determined by the study, unless the ratio is more than four percentage points lower than the weighted mean appraisal ratio determined by the comptroller for that category of property in the immediately preceding study, in which case the comptroller shall use the weighted mean appraisal ratio determined in the immediately preceding study minus four percentage points;

(2) the comptroller shall use the category weighted mean appraisal ratios as adjusted under Subdivision (1) to establish a value estimate for each category of property sampled and tested by the comptroller in the school district; and

(3) the value estimates established under Subdivision (2), together with the local tax roll value for any categories not sampled and tested by the comptroller, less total deductions determined by the comptroller, determine the taxable value for the school district.

(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

(1) the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax Code, in the year that is the subject of the study for each school district;

(2) one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n), Tax Code, in the year that is the subject of the study for each school district;

(3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;

(4) subject to Subsection (e), the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(5) for a school district for which a deduction from taxable value is made under Subdivision (4), an amount equal to the taxable value required to generate revenue when taxed at the school district's current tax rate in an amount that, when added to the taxes of the district paid into a tax increment fund as described by Subdivision (4)(B), is equal to the total amount of taxes the district would have paid into the tax increment fund if the district levied taxes at the rate the district levied in 2005;

(6) the total dollar amount of any exemptions granted under Section 11.251, Tax Code;

(7) [(6)] the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

(8) ~~(7)~~ the portion of the appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the study, calculated as if the residence homesteads were appraised at the full value required by law;

(9) ~~(8)~~ a portion of the market value of property not otherwise fully taxable by the district at market value because of:

(A) action required by statute or the constitution of this state that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted; or

(B) action taken by the district under Subchapter B or C, Chapter 313, Tax Code;

(10) ~~(9)~~ the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11) ~~(10)~~ the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12) ~~(11)~~ the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code; and

(13) ~~(12)~~ the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section.

(d-1) For a school district for which in the 2005 tax year a deduction from taxable value is made under Subsection (d)(4), the comptroller shall certify to the commissioner of education a final taxable value for the 2005 tax year, calculated as if the reduction in the school district's ad valorem tax rate and the method of calculating the amount of the deduction from taxable value under Subsection (d)(5) required by **HB 1**, Acts of the 79th Legislature, 3rd Called Session, 2006, took effect September 1, 2005. This subsection expires September 1, 2007.

(i) If the comptroller determines in the annual study that the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(13) ~~(d)(12)~~ subtract from the market value as determined by the appraisal district of residence homesteads to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code. If the comptroller determines in the annual study that the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is not valid, the comptroller, in determining the taxable value of property in the school

district under Subsection (d), shall for purposes of Subsection (d)(13) ~~[(d)(12)]~~ subtract from the market value as estimated by the comptroller of residence homesteads to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code.

SECTION 1.18. (a) Section 11.26, Tax Code, is amended by adding Subsections (a-1) and (a-2) to read as follows:

(a-1) Notwithstanding the other provisions of this section and except as provided by Subsection (a-2), if in the current tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead in the preceding tax year, the amount of the limitation provided by this section on the homestead in the current tax year is equal to the lesser of:

(1) the amount computed by:

(A) multiplying the amount of tax the school district imposed on the homestead in the preceding tax year by the lesser of one or a fraction the numerator of which is the tax rate of the district for the current tax year and the denominator of which is the tax rate of the district for the preceding tax year; and

(B) adding to the amount computed under Paragraph (A) any tax in the current tax year attributable to improvements made in the preceding tax year, as provided by Subsection (b); or

(2) the amount of the limitation on tax increases on the homestead as otherwise provided by this section.

(a-2) Notwithstanding the other provisions of this section, if in the 2007 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was a tax year before the 2006 tax year, the amount of the limitation provided by this section on the homestead in the 2007 tax year is equal to the amount computed by:

(1) multiplying the amount of tax the school district imposed on the homestead in the 2005 tax year by the lesser of one or a fraction the numerator of which is the tax rate of the district for the 2006 tax year and the denominator of which is the tax rate of the district for the 2005 tax year;

(2) adding to the amount computed under Subdivision (1) any tax in the 2006 tax year attributable to improvements made in the 2005 tax year, as provided by Subsection (b);

(3) multiplying the amount computed under Subdivision (2) by the lesser of one or a fraction the numerator of which is the tax rate of the district for the 2007 tax year and the denominator of which is the tax rate of the district for the 2006 tax year; and

(4) adding to the amount computed under Subdivision (3) any tax in the 2007 tax year attributable to improvements made in the 2006 tax year, as provided by Subsection (b).

(b) Section 42.2511(a), Education Code, is amended to read as follows:

(a) Notwithstanding any other provision of this chapter, a school district is entitled to additional state aid to the extent that state aid under this chapter based on the determination of the school district's taxable value of property as provided under Subchapter M, Chapter 403, Government Code, does not fully compensate the district for ad valorem tax revenue lost due to:

(1) the increase in the homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by HJR 4, 75th Legislature, Regular Session, 1997, and the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by HJR 4, 75th Legislature, Regular Session, 1997; and

(2) the reduction of the limitation on tax increases to reflect any reduction in the school district tax rate as provided by Section 11.26(a-1) or (a-2), Tax Code, as applicable.

(c) Section 403.302, Government Code, is amended by amending Subsection (j) and adding Subsection (j-1) to read as follows:

(j) For purposes of Section 42.2511, Education Code, the comptroller shall certify to the commissioner of education:

(1) a final value for each school district computed on a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$5,000; ~~and~~

(2) a final value for each school district computed on:

(A) a residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

(B) the effect of the additional limitation on tax increases under Section 1-b(d), Article VIII, Texas Constitution, as proposed by HJR 4, 75th Legislature, Regular Session, 1997; and

(3) a final value for each school district computed on the effect of the reduction of the limitation on tax increases to reflect any reduction in the school district tax rate as provided by Section 11.26(a-1) or (a-2), Tax Code, as applicable.

(j-1) For purposes of applying Subsection (j)(3) in the 2007-2008 school year, the comptroller shall compute the final value under that subsection as if the reduction of the limitation on tax increases to reflect any reduction in the school district tax rate as provided by Section 11.26(a-1) or (a-2), Tax Code, as applicable, had taken effect in the 2006 tax year. This subsection expires September 1, 2008.

(d) This section applies only to an ad valorem tax year that begins on or after January 1, 2007.

(e) This section takes effect January 1, 2007, but only if the constitutional amendment proposed by the 79th Legislature, 3rd Called Session, 2006, authorizing the legislature to provide for a reduction of the limitation on the total amount of ad valorem taxes that may be imposed for public school purposes on the residence homesteads of the elderly or disabled to reflect any reduction in the rate of those taxes is approved by the voters. If that amendment is not approved by the voters, this section has no effect.

SECTION 1.19. Chapter 12, Agriculture Code, is amended by adding Section 12.041 to read as follows:

Sec. 12.041. SCHOOL BREAKFAST AND LUNCH PROGRAM.

(a) The department, the Texas Education Agency, and the Health and Human Services Commission shall ensure that applicable information maintained by each entity is used on at least a quarterly basis to identify children who are categorically eligible for free meals under the national free or reduced-price breakfast and lunch program. In complying with this subsection, the department, agency, and commission shall use information that corresponds to the months of the year in which enrollment in the food stamp program is customarily higher than average.

(b) The department shall determine the feasibility of establishing a process under which school districts verify student eligibility for the national free or reduced-price breakfast and lunch program through a direct verification process that uses information maintained under the food stamp and Medicaid programs, as authorized by 42 U.S.C. Section 1758(b)(3), as amended by Section 105(a) of the Child Nutrition and WIC Reauthorization Act of 2004 (Pub. L. No. 108-265), and 7 C.F.R. Sections 245.6a(a)(1) and (3) and 245.6a(b)(3). If the department determines the process described by this subsection is feasible, the department may implement the process.

SECTION 1.20. Sections 42.253(e), (e-1), (f), and (l), Education Code, are repealed.

ARTICLE 2. FISCAL ACCOUNTABILITY

SECTION 2.01. Chapter 1, Education Code, is amended by adding Section 1.005 to read as follows:

Sec. 1.005. EDUCATION RESEARCH CENTERS; SHARING STUDENT INFORMATION. (a) In this section:

(1) "Center" means a center for education research authorized by this section.

(2) "Coordinating board" means the Texas Higher Education Coordinating Board.

(b) The commissioner of education and the coordinating board may establish not more than three centers for education research for conducting research described by Subsections (e) and (f).

(c) A center may be established as part of:

(1) the Texas Education Agency;

(2) the coordinating board; or

(3) a public junior college, public senior college or university, or public state college, as those terms are defined by Section 61.003.

(d) A center may be operated under a memorandum of understanding between the commissioner of education, the coordinating board, and the governing board of an educational institution described by Subsection (c)(3). The memorandum of understanding must require the commissioner of education, or a person designated by the commissioner, and the coordinating board, or a person designated by the coordinating board, to provide direct, joint supervision of the center under this section.

(e) A center shall conduct research for the benefit of education in this state, including research relating to the impact of state and federal education programs, the performance of educator preparation programs, public school finance, and the best practices of school districts with regard to classroom instruction, bilingual education programs, special language programs, and business practices.

(f) The commissioner of education and the coordinating board:

(1) under the memorandum of understanding described by Subsection (d), may require a center to conduct certain research projects considered of particular importance to the state, as determined by the commissioner and the coordinating board;

(2) not later than the 45th day before the date a research project required to be conducted under this subsection is scheduled to begin, shall notify the governor, the Legislative Budget Board, and the governing body of the educational institution in which the center is established that the research project is required; and

(3) shall provide sufficient funds to finance the project.

(g) In conducting research under this section, a center:

(1) may use data on student performance, including data that is confidential under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g), the center has collected from the Texas Education Agency, the coordinating board, any public or private institution of higher education, and any school district; and

(2) shall comply with rules adopted by the commissioner of education and the coordinating board to protect the confidentiality of student information, including rules establishing procedures to ensure that confidential student information is not duplicated or removed from a center in an unauthorized manner.

(h) The commissioner of education and the coordinating board may:

(1) accept gifts and grants to be used in operating one or more centers;
and

(2) by rule impose reasonable fees, as appropriate, for the use of a center's research, resources, or facilities.

(i) This section does not authorize the disclosure of student information that may not be disclosed under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g).

(j) The commissioner of education and the coordinating board shall adopt rules as necessary to implement this section.

(k) In implementing this section, the commissioner of education may use funds appropriated to the agency and available for the purpose of establishing the centers. After a center is established, the center must be funded by gifts and grants accepted under Subsection (h)(1) and fees imposed under Subsection (h)(2). Fees adopted under Subsection (h)(2) must be set in an amount sufficient to provide for the continued operation of the center.

SECTION 2.02. Subchapter A, Chapter 7, Education Code, is amended by adding Sections 7.008 and 7.009 to read as follows:

Sec. 7.008. PUBLIC ACCESS TO PEIMS DATA. (a) The commissioner with the assistance of an advisory panel described by Subsection (b) shall develop a request for proposal for a qualified third-party contractor to develop and implement procedures to make available, through the agency Internet website, all financial and academic performance data submitted through the Public Education Information Management System (PEIMS) for school districts and campuses.

(b) The commissioner shall appoint an advisory panel to assist the commissioner in developing requirements for a system that is easily accessible by the general public and contains information of primary relevance to the public. The advisory panel shall consist of:

- (1) educators;
- (2) interested stakeholders;
- (3) business leaders; and
- (4) other interested members of the public.

(c) The procedures developed under this section must provide:

(1) a summarized format easily understood by the public for reporting financial and academic performance information on the agency Internet website; and

(2) the ability for those who access the Internet website to view and download state, district, and campus level information.

(d) This section does not authorize the disclosure of student information that may not be disclosed under the Family Educational Rights and Privacy Act of 1974 (20 U.S.C. Section 1232g). The commissioner shall adopt rules to protect the confidentiality of student information.

(e) The procedures to make available, through the agency Internet website, all financial and academic performance information for school districts and campuses as described by this section shall be implemented not later than August 1, 2007. This subsection expires August 1, 2009.

Sec. 7.009. BEST PRACTICES; CLEARINGHOUSE. (a) In coordination with the Legislative Budget Board, the agency shall establish an online clearinghouse of information relating to best practices of campuses and school districts regarding instruction, public school finance, resource allocation, and business practices. To the extent practicable, the agency shall ensure that information provided through the online clearinghouse is specific, actionable information relating to the best practices of high-performing and highly efficient campuses and school districts rather than general guidelines relating to campus and school district operation. The information must be accessible by campuses, school districts, and interested members of the public.

(b) The agency shall solicit and collect from the Legislative Budget Board, centers for education research established under Section 1.005, and exemplary or recognized school districts, campuses, and open-enrollment charter schools, as rated under Section 39.072, examples of best practices relating to instruction, public school finance, resource allocation, and business practices, including best practices relating to curriculum, scope and sequence, compensation and incentive

systems, bilingual education and special language programs, compensatory education programs, and the effective use of instructional technology, including online courses.

(c) The agency shall contract for the services of one or more third-party contractors to develop, implement, and maintain a system of collecting and evaluating the best practices of campuses and school districts as provided by this section. In addition to any other considerations required by law, the agency must consider an applicant's demonstrated competence and qualifications in analyzing campus and school district practices in awarding a contract under this subsection.

(d) The commissioner may purchase from available funds curriculum and other instructional tools identified under this section to provide for use by school districts.

SECTION 2.03. Subchapter A, Chapter 11, Education Code, is amended by adding Section 11.003 to read as follows:

Sec. 11.003. ADMINISTRATIVE EFFICIENCY. (a) Not later than December 1, 2006, the commissioner shall evaluate the feasibility of including a uniform indicator under Section 39.202(b) that measures effective administrative management through the use of cooperative shared services arrangements. If the commissioner determines that the adoption of a uniform indicator described by this subsection is feasible, the commissioner by rule shall include the indicator in the financial accountability rating system under Subchapter I, Chapter 39, for school districts beginning with the 2007-2008 school year. This subsection expires September 1, 2009.

(b) Each regional education service center shall:

(1) notify each school district served by the center regarding the opportunities available through the center for cooperative shared services arrangements within the center's service area; and

(2) evaluate the need for cooperative shared services arrangements within the center's service area and consider expanding center-sponsored cooperative shared services arrangements.

(c) Each regional education service center shall assist a school district board of trustees in entering into an agreement with another district or political subdivision, a regional education service center, or an institution of higher education as defined by Section 61.003, for a cooperative shared services arrangement regarding administrative services, including transportation, food service, purchasing, and payroll functions.

(d) The commissioner may require a district to enter into a cooperative shared services arrangement for administrative services if the commissioner determines:

(1) that the district has failed to satisfy a financial accountability standard as determined by commissioner rule under Subchapter I, Chapter 39; and

(2) that entering into a cooperative shared services arrangement would:

(A) enable the district to enhance its performance on the financial accountability standard identified under Subdivision (1); and

(B) promote the efficient operation of the district.

(e) The commissioner may require an open-enrollment charter school to enter into a cooperative shared services arrangement for administrative services if the commissioner determines, after an audit conducted under Section 12.1163, that such a cooperative shared services arrangement would promote the efficient operation of the school.

SECTION 2.04. Subchapter D, Chapter 11, Education Code, is amended by adding Section 11.170 to read as follows:

Sec. 11.170. INTERNAL AUDITOR. If a school district employs an internal auditor:

(1) the board of trustees shall select the internal auditor; and

(2) the internal auditor shall report directly to the board.

SECTION 2.05. Section 39.202(a), Education Code, is amended to read as follows:

(a) The commissioner shall, in consultation with the comptroller, develop and implement a financial accountability rating system for school districts in this state that:

(1) distinguishes among school districts based on levels of financial performance; and

(2) includes procedures to:

(A) provide additional transparency to public education finance;

and

(B) enable the commissioner and school district administrators to provide meaningful financial oversight and improvement.

SECTION 2.06. Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.0041 to read as follows:

Sec. 44.0041. PUBLICATION OF SUMMARY OF PROPOSED BUDGET. (a) Concurrently with the publication of notice of the budget under Section 44.004, a school district shall post a summary of the proposed budget:

(1) on the school district's Internet website; or

(2) if the district has no Internet website, in the district's central administrative office.

(b) The budget summary must include:

(1) information relating to per student and aggregate spending on:

(A) instruction;

(B) instructional support;

(C) central administration;

(D) district operations;

(E) debt service; and

(F) any other category designated by the commissioner; and

(2) a comparison to the previous year's actual spending.

SECTION 2.07. Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.0061 to read as follows:

Sec. 44.0061. REVIEW OF ACCOUNTING SYSTEM. (a) The commissioner shall contract with a qualified third-party contractor to conduct a comprehensive review of the accounting systems used by school districts under Section 44.007.

(b) The third-party contractor conducting the review under this section shall:

(1) provide any recommendations relating to the accounting systems to:

(A) improve the transparency of district spending behavior;

(B) provide more thorough information relating to campus spending; and

(C) facilitate program evaluations, including evaluations of compensatory education programs; and

(2) evaluate the accounting systems to determine whether any reporting requirements should be adjusted based on district size.

(c) Before January 1, 2007, the commissioner shall submit a report to the legislature describing the results of the review conducted under this section.

(d) This section expires January 2, 2007.

SECTION 2.08. Section 44.007, Education Code, is amended by amending Subsection (b) and adding Subsections (e) and (f) to read as follows:

(b) The accounting system must meet at least the minimum requirements prescribed by the commissioner [~~State Board of Education~~], subject to review and comment by the state auditor.

(e) Not later than January 1, 2007, the commissioner shall submit a report to the legislature evaluating the benefits of providing school districts with standardized accounting software that complies with the requirements of this section and any other appropriate statutes. The report:

(1) shall consider:

(A) any savings and costs accrued to school districts resulting from the use of the software provided, including any savings accrued from eliminating the payment of programming costs in response to changes in statute or administrative rules;

(B) any accountability benefits achieved by providing the information collected by the software regularly to the agency and the public; and

(C) any personnel and other resources required for the agency to continuously review the information collected in order to alert members of school district boards of trustees and superintendents regarding areas of potential waste or fraud; and

(2) may consider software accessed by alternative methods, including web-based methods or network-based methods, that the commissioner considers most economical for districts of different sizes.

(f) This subsection and Subsection (e) expire September 1, 2007.

SECTION 2.09. Subchapter A, Chapter 44, Education Code, is amended by adding Section 44.011 to read as follows:

Sec. 44.011. SPENDING TARGETS FOR DISTRICT EXPENDITURES.

(a) The commissioner shall annually establish and publish the proposed expenditures for each school district as determined by the commissioner based on an evaluation of information relating to the best practices of campuses and districts as described by Section 7.009. The commissioner shall consider unique characteristics of the district, including the district's size.

(b) The proposed expenditures to be determined as required by Subsection (a) must include amounts for:

- (1) instructional expenditures;
- (2) central administrative expenditures;
- (3) district operations; and
- (4) any other category designated by the commissioner.

(c) If the board of trustees of a school district intends to exceed the proposed expenditures established by the commissioner under this section, the board must adopt and publish a resolution that includes an explanation justifying the board's actions.

SECTION 2.10. The Texas Education Agency shall study the level of use of shared services arrangements by school districts in this state. Before January 1, 2007, the agency shall submit a report to the legislature describing the current status of shared services arrangements and identify any legal impediments restricting school districts from participating in those arrangements.

ARTICLE 3. ACADEMIC ACCOUNTABILITY

SECTION 3.01. Subchapter A, Chapter 7, Education Code, is amended by adding Section 7.010 to read as follows:

Sec. 7.010. ELECTRONIC STUDENT RECORDS SYSTEM. (a) In this section, "institution of higher education" has the meaning assigned by Section 61.003.

(b) Each school district, open-enrollment charter school, and institution of higher education shall participate in an electronic student records system that satisfies standards approved by the commissioner of education and the commissioner of higher education.

(c) The electronic student records system must permit an authorized state or district official or an authorized representative of an institution of higher education to electronically transfer to and from an educational institution in which the student is enrolled and retrieve student transcripts, including information concerning a student's:

- (1) course or grade completion;
- (2) teachers of record;
- (3) assessment instrument results;

(4) receipt of special education services, including placement in a special education program and the individualized education program developed; and

- (5) personal graduation plan as described by Section 28.0212.

(d) The commissioner of education or the commissioner of higher education may solicit and accept grant funds to maintain the electronic student records system and to make the system available to school districts, open-enrollment charter schools, and institutions of higher education.

(e) A private or independent institution of higher education, as defined by Section 61.003, may participate in the electronic student records system under this section. If a private or independent institution of higher education elects to participate, the institution must provide the funding to participate in the system.

(f) Any person involved in the transfer and retrieval of student information under this section is subject to any state or federal law governing the release of or providing access to any confidential information to the same extent as the educational institution from which the data is collected. A person may not release or distribute the data to any other person in a form that contains confidential information.

(g) The electronic student records system shall be implemented not later than the 2007-2008 school year. This subsection expires September 1, 2008.

SECTION 3.02. Section 8.051(b), Education Code, is amended to read as follows:

(b) Each regional education service center shall annually develop and submit to the commissioner for approval a plan for improvement. Each plan must include the purposes and description of the services the center will provide to:

(1) campuses identified as academically unacceptable [~~low performing~~] based on the indicators adopted under Section 39.051;

(2) the lowest-performing campuses in the region; and

(3) other campuses.

SECTION 3.03. Section 12.013(b), Education Code, is amended to read as follows:

(b) A home-rule school district is subject to:

(1) a provision of this title establishing a criminal offense;

(2) a provision of this title relating to limitations on liability; and

(3) a prohibition, restriction, or requirement, as applicable, imposed by this title or a rule adopted under this title, relating to:

(A) the Public Education Information Management System (PEIMS) to the extent necessary to monitor compliance with this subchapter as determined by the commissioner;

(B) educator certification under Chapter 21 and educator rights under Sections 21.407, 21.408, and 22.001;

(C) criminal history records under Subchapter C, Chapter 22;

(D) student admissions under Section 25.001;

(E) school attendance under Sections 25.085, 25.086, and 25.087;

(F) inter-district or inter-county transfers of students under Subchapter B, Chapter 25;

(G) elementary class size limits under Section 25.112, in the case of any campus in the district that is considered academically unacceptable [~~low performing~~] under Section 39.132;

(H) high school graduation under Section 28.025;

(I) special education programs under Subchapter A, Chapter 29;

(J) bilingual education under Subchapter B, Chapter 29;

(K) prekindergarten programs under Subchapter E, Chapter 29;

(L) safety provisions relating to the transportation of students under Sections 34.002, 34.003, 34.004, and 34.008;

(M) computation and distribution of state aid under Chapters 31, 42, and 43;

(N) extracurricular activities under Section 33.081;

- (O) health and safety under Chapter 38;
(P) public school accountability under Subchapters B, C, D, and G,
Chapter 39;
(Q) equalized wealth under Chapter 41;
(R) a bond or other obligation or tax rate under Chapters 42, 43,
and 45; and
(S) purchasing under Chapter 44.

SECTION 3.04. Section 21.453(b), Education Code, is amended to read as follows:

(b) The commissioner may allocate funds from the account to regional education service centers to provide staff development resources to school districts that:

- (1) are rated academically unacceptable;
- (2) have one or more campuses rated as academically unacceptable [~~low performing~~]; or
- (3) are otherwise in need of assistance as indicated by the academic performance of students, as determined by the commissioner.

SECTION 3.05. Section 28.006(j), Education Code, is amended to read as follows:

(j) No more than 15 percent of the funds certified by the commissioner under Subsection (i) may be spent on indirect costs. The commissioner shall evaluate the programs that fail to meet the standard of performance under Section 39.051(b)(8) [~~39.051(b)(7)~~] and may implement sanctions under Subchapter G, Chapter 39. The commissioner may audit the expenditures of funds appropriated for purposes of this section. The use of the funds appropriated for purposes of this section shall be verified as part of the district audit under Section 44.008.

SECTION 3.06. Section 29.202(a), Education Code, is amended to read as follows:

(a) A student is eligible to receive a public education grant or to attend another public school in the district in which the student resides under this subchapter if the student is assigned to attend a public school campus:

- (1) at which 50 percent or more of the students did not perform satisfactorily on an assessment instrument administered under Section 39.023(a) or (c) in any two of the preceding three years; or
- (2) that was, at any time in the preceding three years, considered academically unacceptable [~~low performing~~] under Section 39.132.

SECTION 3.07. Subchapter B, Chapter 39, Education Code, is amended by adding Section 39.034 to read as follows:

Sec. 39.034. MEASURE OF ANNUAL IMPROVEMENT IN STUDENT ACHIEVEMENT. (a) The commissioner shall determine a method by which the agency may measure annual improvement in student achievement from one school year to the next on an assessment instrument required under this subchapter.

(b) The agency shall use a student's previous years' performance data on an assessment instrument required under this subchapter to determine the student's expected annual improvement. The agency shall report that expected level of

annual improvement and the actual level of annual improvement achieved to the district. The report must state whether the student fell below, met, or exceeded the agency's expectation for improvement.

(c) The agency shall determine the necessary annual improvement required each year for a student to be prepared to pass the exit-level assessment instrument required under this subchapter for graduation. The agency shall report the necessary annual improvement required to the district. Each year, the report must state whether the student fell below, met, or exceeded the necessary target for improvement.

(d) The agency shall report to each school district the comparisons made under this section. Each school district shall provide the comparisons to each teacher for all students who were:

(1) assessed on an assessment instrument; and

(2) taught by that teacher in the subject for which the assessment instrument was administered.

(e) The school a student attends shall provide a record of the comparisons made under this section and provided to the school under Subsection (d) in a written notice to the student's parents.

(f) To the extent practicable, the agency shall combine the report of the comparisons required under this section with the report of the student's performance on assessment instruments administered under Section 39.023.

(g) The commissioner shall implement this section beginning with the 2007-2008 school year. This subsection expires September 1, 2008.

SECTION 3.08. Section 39.051(b), Education Code, as amended by Chapters 433 and 805, Acts of the 78th Legislature, Regular Session, 2003, is reenacted and amended to read as follows:

(b) Performance on the indicators adopted under this section shall be compared to state-established standards. The degree of change from one school year to the next in performance on each indicator adopted under this section shall also be considered. The indicators must be based on information that is disaggregated by race, ethnicity, gender, and socioeconomic status and must include:

(1) the results of assessment instruments required under Sections 39.023(a), (c), and (l), aggregated by grade level and subject area;

(2) dropout rates, including dropout rates and district completion rates for grade levels 9 through 12, computed in accordance with standards and definitions adopted by the National Center for Education Statistics of the United States Department of Education;

(3) high school graduation rates, computed in accordance with standards and definitions adopted in compliance with the ~~[federal]~~ No Child Left Behind Act of 2001 (Pub. L. No. 107-110);

(4) student attendance rates;

(5) the percentage of graduating students who attain scores on the secondary exit-level assessment instruments required under Subchapter B that are equivalent to a passing score on the assessment ~~[test]~~ instrument required under Section 51.3062 ~~[51.306]~~;

(6) the percentage of graduating students who meet the course requirements established for the recommended high school program by State Board of Education rule;

(7) the results of the Scholastic Assessment Test (SAT), the American College Test (ACT), articulated postsecondary degree programs described by Section 61.852, and certified workforce training programs described by Chapter 311, Labor Code;

(8) the percentage of students, aggregated by grade level, provided accelerated instruction under Section 28.0211(c), the results of assessments administered under that section, the percentage of students promoted through the grade placement committee process under Section 28.0211, the subject of the assessment instrument on which each student failed to perform satisfactorily, and the performance of those students in the school year following that promotion on the assessment instruments required under Section 39.023;

(9) for students who have failed to perform satisfactorily on an assessment instrument required under Section 39.023(a) or (c), the numerical progress of those students grouped by percentage on subsequent assessment instruments required under those sections, aggregated by grade level and subject area;

(10) the percentage of students exempted, by exemption category, from the assessment program generally applicable under this chapter; ~~[and]~~

(11) the percentage of students of limited English proficiency exempted from the administration of an assessment instrument under Sections 39.027(a)(3) and (4);

(12) the percentage of students in a special education program under Subchapter A, Chapter 29, assessed through assessment instruments developed or adopted under Section 39.023(b); and

(13) the measure of progress toward preparation for postsecondary success.

SECTION 3.09. Section 39.051(d), Education Code, is amended to read as follows:

(d) Annually, the commissioner shall define exemplary, recognized, and unacceptable performance for each academic excellence indicator included under Subsections (b)(1) through (7) ~~[(6)]~~ and shall project the standards for each of those levels of performance for succeeding years. For the indicator under Subsection (b)(8) ~~[(b)(7)]~~, the commissioner shall define exemplary, recognized, and unacceptable performance based on student performance for the period covering both the current and preceding academic years. In defining exemplary, recognized, and unacceptable performance for the indicators under Subsections (b)(2) and (4) ~~[(3)]~~, the commissioner may not consider as a dropout or as a student who has failed to attend school a student whose failure to attend school results from:

- (1) the student's expulsion under Section 37.007; and
- (2) as applicable:

(A) adjudication as having engaged in delinquent conduct or conduct indicating a need for supervision, as defined by Section 51.03, Family Code; or

(B) conviction of and sentencing for an offense under the Penal Code.

SECTION 3.10. Section 39.052(b), Education Code, is amended to read as follows:

(b) The report card shall include the following information:

(1) where applicable, the academic excellence indicators adopted under Sections 39.051(b)(1) through ~~(10)~~ ~~(9)~~;

(2) average class size by grade level and subject;

(3) the administrative and instructional costs per student, computed in a manner consistent with Section 44.0071; and

(4) the district's instructional expenditures ratio and instructional employees ratio computed under Section 44.0071, and the statewide average of those ratios, as determined by the commissioner.

SECTION 3.11. Section 39.071, Education Code, is amended to read as follows:

Sec. 39.071. ACCREDITATION. (a) Accreditation of a school district is determined in accordance with this section [subchapter]. The commissioner by rule shall define the following accreditation statuses:

(1) accredited;

(2) accredited-warned; and

(3) accredited-probation.

(b) Each year, the commissioner shall determine the accreditation status of each school district. In determining accreditation status, the commissioner:

(1) shall evaluate and consider the performance of the district under:

(A) the academic accountability system under Section 39.072; and

(B) the financial accountability rating system under Subchapter I;

and

(2) may consider:

(A) the district's compliance with statutory requirements and requirements imposed by rule of the commissioner or State Board of Education under specific statutory authority that relate to:

(i) reporting data through the Public Education Information Management System (PEIMS) or other reports required by state or federal law or court order;

(ii) the high school graduation requirements under Section 28.025; or

(iii) an item listed under Sections 7.056(e)(3)(C)-(I) that applies to the district;

(B) the effectiveness of the district's programs for special populations; and

(C) the effectiveness of the district's career and technology program.

(c) Based on a school district's performance under Subsection (b), the commissioner shall:

(1) assign a district an accreditation status; or

(2) revoke the accreditation of the district and order closure of the district under this subchapter.

(d) The commissioner shall notify a school district that receives an accreditation status of accredited-warned or accredited-probation that the performance of the district is below a standard required under this section. The commissioner shall require the district to notify the parents of students enrolled in the district and property owners in the district of the district's accreditation status and the implications of that accreditation status.

(e) A school district that is not accredited may not receive funds from the agency or hold itself out as operating a public school of this state.

(f) This chapter may not be construed to invalidate a diploma awarded, course credit earned, or grade promotion granted by a school district before the commissioner revoked the district's accreditation.

SECTION 3.12. Sections 39.072(b) and (c), Education Code, are amended to read as follows:

(b) The academic excellence indicators adopted under Sections 39.051(b)(1) through (8) ~~[(7)]~~ and the district's current special education compliance status with the agency shall be the main considerations of the agency in the rating of the district under this section. Additional criteria in the rules may include consideration of:

(1) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under specific statutory authority that relate to:

(A) reporting data through the Public Education Information Management System (PEIMS);

(B) the high school graduation requirements under Section 28.025;
or

(C) an item listed in Sections 7.056(e)(3)(C)-(I) that applies to the district;

(2) the effectiveness of the district's programs for special populations;
and

(3) the effectiveness of the district's career and technology programs.

(c) The agency shall evaluate against state standards and shall, not later than August 1 of each year, report the performance of each campus in a district and each open-enrollment charter school on the basis of the campus's performance on the indicators adopted under Sections 39.051(b)(1) through (8) ~~[(7)]~~. Consideration of the effectiveness of district programs under Subsection (b)(2) or (3) must be based on data collected through the Public Education Information Management System for purposes of accountability under this chapter and include the results of assessments required under Section 39.023.

SECTION 3.13. Sections 39.073(a) and (b), Education Code, are amended to read as follows:

(a) The agency shall annually review the performance of each district and campus on the indicators adopted under Sections 39.051(b)(1) through (8) ~~[(7)]~~ and determine if a change in the accreditation status of the district is warranted. The commissioner may determine how all indicators adopted under Section 39.051(b) may be used to determine accountability ratings and to select districts and campuses for acknowledgment.

(b) Each annual review shall include an analysis of the indicators under Sections 39.051(b)(1) through (8) ~~[(6)]~~ to determine district and campus performance in relation to:

- (1) standards established for each indicator;
- (2) required improvement as defined under Section 39.051(c); and
- (3) comparable improvement as defined by Section 39.051(c).

SECTION 3.14. Section 39.074(e), Education Code, is amended to read as follows:

(e) If an annual review indicates low performance on one or more of the indicators under Sections 39.051(b)(1) through (8) ~~[(7)]~~ of one or more campuses in a district, the agency may conduct an on-site evaluation of those campuses only.

SECTION 3.15. Section 39.131, Education Code, is amended to read as follows:

Sec. 39.131. SANCTIONS FOR DISTRICTS. (a) If a school district does not satisfy the accreditation criteria under Section 39.071, the academic performance standards under Section 39.072, or any financial accountability standard as determined by commissioner rule, the commissioner shall take any of the following actions~~[-, listed in order of severity,]~~ to the extent the commissioner determines necessary:

- (1) issue public notice of the deficiency to the board of trustees;
- (2) order a hearing conducted by the board of trustees of the district for the purpose of notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve;

- (3) order the preparation of a student achievement improvement plan that addresses each academic excellence indicator for which the district's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

- (4) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees of the district and the superintendent shall appear and explain the district's low performance, lack of improvement, and plans for improvement;

- (5) arrange an on-site investigation of the district;

- (6) appoint an agency monitor to participate in and report to the agency on the activities of the board of trustees or the superintendent;

- (7) appoint a conservator to oversee the operations of the district;

- (8) appoint a management team to direct the operations of the district in areas of unacceptable performance or require the district to obtain certain services under a contract with another person;

(9) if a district has a current accreditation status of accredited-warned or accredited-probation, is [been] rated [as] academically unacceptable, or fails to satisfy financial accountability standards as determined by commissioner rule [for a period of one year or more], appoint a board of managers to exercise the powers and duties of the board of trustees;

(10) if for two consecutive school years, including the current school year, a district has received an accreditation status of accredited-warned or accredited-probation, has been rated academically unacceptable, or has failed to satisfy financial accountability standards as determined by commissioner rule, revoke the district's accreditation and [been rated as academically unacceptable for a period of two years or more];

(A) order closure of the district and annex the district to one or more adjoining districts under Section 13.054; or

(B) in the case of a home-rule school district or open-enrollment charter school, order closure of all programs operated under the district's or school's charter; or

(11) if a district has been rated [as] academically unacceptable for [a period of] two consecutive school years, including the current school year, [or more] due to the district's dropout rates, impose sanctions designed to improve high school completion rates, including:

(A) ordering the development of a dropout prevention plan for approval by the commissioner;

(B) restructuring the district or appropriate school campuses to improve identification of and service to students who are at risk of dropping out of school, as defined by Section 29.081;

(C) ordering lower student-to-counselor ratios on school campuses with high dropout rates; and

(D) ordering the use of any other intervention strategy effective in reducing dropout rates, including mentor programs and flexible class scheduling.

(b) This subsection applies regardless of whether a district has satisfied the accreditation criteria. If for two consecutive school years, including the current school year, [a period of one year or more] a district has had a conservator or management team assigned, the commissioner may appoint a board of managers, a majority of whom must be residents of the district, to exercise the powers and duties of the board of trustees.

SECTION 3.16. Section 39.132, Education Code, is amended to read as follows:

Sec. 39.132. SANCTIONS FOR ACADEMICALLY UNACCEPTABLE AND CERTAIN OTHER CAMPUSES. [(a)] If a campus performance is below any standard under Section 39.073(b), the campus is considered an academically unacceptable [a low-performing] campus. The commissioner may permit the campus to participate in an innovative redesign of the campus to improve campus performance or shall [may] take any of the other following actions~~[- listed in order of severity]~~, to the extent the commissioner determines necessary:

(1) issue public notice of the deficiency to the board of trustees;

(2) order a hearing conducted by the board of trustees at the campus for the purpose of:

(A) notifying the public of the unacceptable performance, the improvements in performance expected by the agency, and the sanctions that may be imposed under this section if the performance does not improve within a designated period of time; and

(B) soliciting public comment on the initial steps being taken to improve performance;

(3) order the preparation of a report regarding the parental involvement program at the campus and a plan describing strategies for improving parental involvement at the campus;

(4) order the preparation of a report regarding the effectiveness of the district- and campus-level planning and decision-making committees established under Subchapter F, Chapter 11, and a plan describing strategies for improving the effectiveness of those committees;

(5) order the preparation of a student ~~[achievement]~~ improvement plan that addresses each academic excellence indicator for which the campus's performance is unacceptable, the submission of the plan to the commissioner for approval, and implementation of the plan;

(6) order a hearing to be held before the commissioner or the commissioner's designee at which the president of the board of trustees, the superintendent, and the campus principal shall appear and explain the campus's low performance, lack of improvement, and plans for improvement; or

(7) appoint a campus intervention team under Section 39.1322.

~~[(7) appoint a special campus intervention team to:~~

~~[(A) conduct a comprehensive on-site evaluation of the campus to determine the cause for the campus's low performance and lack of progress;~~

~~[(B) recommend actions, including reallocation of resources and technical assistance, changes in school procedures or operations, staff development for instructional and administrative staff, intervention for individual administrators or teachers, waivers from state statute or rule, or other actions the team considers appropriate;~~

~~[(C) assist in the development of a campus plan for student achievement; and~~

~~[(D) assist the commissioner in monitoring the progress of the campus in implementing the campus plan for improvement of student achievement; or~~

~~[(8) if a campus has been a low-performing campus for a period of one year or more, appoint a board of managers composed of residents of the district to exercise the powers and duties of the board of trustees of the district in relation to the campus.~~

~~[(b) If a campus has been a low-performing campus for a period of two consecutive years or more, the commissioner shall order the closure of the district or charter program on the campus or reconstitute the campus. In reconstituting the~~

~~campus, a special campus intervention team shall be assembled for the purpose of deciding which educators may be retained at that campus. If an educator is not retained, the educator may be assigned to another position in the district.]~~

SECTION 3.17. Subchapter G, Chapter 39, Education Code, is amended by adding Sections 39.1321, 39.1322, 39.1323, 39.1324, 39.1326, and 39.1327 to read as follows:

Sec. 39.1321. SANCTIONS FOR CHARTER SCHOOLS. (a) Sanctions authorized under this chapter for a school district or campus apply in the same manner to an open-enrollment charter school.

(b) The commissioner shall adopt rules to implement procedures to impose any sanction provision under this chapter as those provisions relate to open-enrollment charter schools.

(c) In adopting rules under this section, the commissioner shall require that the charter of an open-enrollment charter school:

(1) be automatically revoked if the charter school is ordered closed under this chapter; and

(2) be automatically modified to remove authorization for an individual campus if the campus is ordered closed under this chapter.

(d) If sanctions are imposed on an open-enrollment charter school under the procedures provided by this chapter, a charter school is not entitled to an additional hearing relating to the modification, placement on probation, revocation, or denial of renewal of a charter as provided by Subchapter D, Chapter 12.

Sec. 39.1322. TECHNICAL ASSISTANCE AND CAMPUS INTERVENTION TEAMS. (a) If a campus is rated academically acceptable for the current school year but would be rated as academically unacceptable if performance standards to be used for the following school year were applied to the current school year, the commissioner shall select and assign a technical assistance team to assist the campus in executing a school improvement plan and any other school improvement strategies the commissioner determines appropriate. The commissioner may waive the requirement to assign a technical assistance team under this subsection if the improvement in performance standards among all student groups, including special populations, over the preceding three years indicates that the campus is likely to be rated academically acceptable in the following school year.

(b) If a campus has been identified as academically unacceptable under Section 39.132, the commissioner shall appoint a campus intervention team.

(c) To the extent practicable, the commissioner shall select and assign the technical assistance team under Subsection (a) or the campus intervention team under Subsection (b) before the first day of instruction for the school year.

(d) The commissioner may determine when the services of a technical assistance team or campus intervention team are no longer needed at a campus under this section.

Sec. 39.1323. CAMPUS INTERVENTION TEAM PROCEDURES. (a) A campus intervention team shall:

(1) conduct a comprehensive on-site evaluation of the campus to determine the cause for the campus's low performance and lack of progress;

(2) recommend actions, including reallocation of resources and technical assistance, changes in school procedures or operations, staff development for instructional and administrative staff, intervention for individual administrators or teachers, waivers from state statute or rule, or other actions the team considers appropriate;

(3) assist in the development of a school improvement plan for student achievement; and

(4) assist the commissioner in monitoring the progress of the campus in implementing the school improvement plan for improvement of student achievement.

(b) A campus intervention team assigned under Section 39.1322 to a campus shall conduct a comprehensive on-site needs assessment of the campus to determine the causal factors resulting in the campus's low performance and lack of progress. The team shall use the following guidelines and procedures in conducting the comprehensive needs assessment of the campus:

(1) an assessment of the staff to determine the percentage of certified teachers who are teaching in their field, the number of teachers with less than three years of experience, and teacher turnover rates;

(2) compliance with the appropriate class-size rules and number of class-size waivers received;

(3) an assessment of the quality, quantity, and appropriateness of instructional materials, including the availability of technology-based instructional materials;

(4) a report on the parental involvement strategies and the effectiveness of the strategies;

(5) an assessment of the extent and quality of the mentoring program provided for new teachers on the campus;

(6) an assessment of the type and quality of the professional development provided to the staff;

(7) a demographic analysis of the student population, including student demographics, at-risk populations, and special education percentages;

(8) a report of disciplinary incidents and school safety information;

(9) financial and accounting practices;

(10) an assessment of the appropriateness of the curriculum and teaching strategies; and

(11) any other research-based data or information obtained from a data collection process that would assist the campus intervention team in:

(A) recommending an action under Subsection (c); and

(B) executing a school improvement plan under Subsection (d).

(c) On completing the evaluation under this section, the campus intervention team shall recommend actions, including:

(1) reallocation of resources;

(2) technical assistance;

(3) changes in school procedures or operations;

- (4) staff development for instructional and administrative staff;
- (5) intervention for individual administrators or teachers;
- (6) waivers from state statutes or rules; or
- (7) other actions the campus intervention team considers appropriate.

(d) In executing a school improvement plan developed under Subsection (a)(3), the campus intervention team shall:

(1) assist the campus in implementing research-based practices for curriculum development and classroom instruction, including bilingual education and special education programs, if appropriate, and financial management;

(2) provide research-based technical assistance, including data analysis, academic deficiency identification, intervention implementation, and budget analysis, to strengthen and improve the instructional programs at the campus; and

(3) submit the school improvement plan to the commissioner for approval.

(e) A campus intervention team appointed under Section 39.1322(b):

(1) shall continue to work with a campus until:

(A) the campus is rated academically acceptable for a two-year period; or

(B) the campus is rated academically acceptable for a one-year period and the commissioner determines that the campus is operating and will continue to operate in a manner that improves student achievement; and

(2) may continually update the school improvement plan, with approval from the commissioner, to meet the needs of the campus.

(f) Notwithstanding any other provision of this subchapter, if the commissioner determines that a campus for which an intervention is ordered under Section 39.1322(b) is not fully implementing the campus intervention team's recommendations or school improvement plan, the commissioner may order the reconstitution of the campus.

Sec. 39.1324. MANDATORY SANCTIONS. (a) If a campus has been identified as academically unacceptable for two consecutive school years, including the current school year, the commissioner shall order the reconstitution of the campus and assign a campus intervention team. In reconstituting the campus, a campus intervention team shall assist the campus in:

(1) developing a school improvement plan;

(2) obtaining approval of the plan from the commissioner; and

(3) executing the plan on approval by the commissioner.

(b) The campus intervention team shall decide which educators may be retained at that campus. A principal who has been employed by the campus in that capacity during the full two-year period described by Subsection (a) may not be retained at that campus. A teacher of a subject assessed by an assessment instrument under Section 39.023 may be retained only if the campus intervention team determines that a pattern exists of significant academic improvement by students taught by the teacher. If an educator is not retained, the educator may be assigned to another position in the district.

(c) A campus subject to Subsection (a) shall implement the school improvement plan as approved by the commissioner. The commissioner may appoint a monitor, conservator, management team, or a board of managers to the district to ensure and oversee the implementation of the school improvement plan.

(d) Notwithstanding any other provision of this subchapter, if the commissioner determines that a campus subject to Subsection (a) is not fully implementing the school improvement plan, the commissioner may pursue alternative management of the campus under Section 39.1327 or may order closure of the campus.

(e) If a campus is considered an academically unacceptable campus for the subsequent school year after the campus is reconstituted under this section, the commissioner shall review the progress of the campus and may order closure of the campus or pursue alternative management under Section 39.1327.

(f) If a campus is considered academically unacceptable for two consecutive school years after the campus is reconstituted under Subsection (a), the commissioner shall order closure of the campus or pursue alternative management under Section 39.1327.

Sec. 39.1326. TRANSITIONAL SANCTIONS PROVISIONS. For the 2006-2007 school year, the commissioner shall assign a campus intervention team or a technical assistance team to a campus under Section 39.1322 on the basis of academic performance ratings for the 2005-2006 school year. The commissioner may impose a sanction on a campus under Section 39.1323(f) or 39.1324(a) on the basis of academic performance ratings for the 2005-2006 school year and the 2006-2007 school year. A sanction ordered by the commissioner before July 1, 2006, shall remain in effect for the 2006-2007 school year. The commissioner may allow a principal subject to Section 39.1324(b) to remain at a campus for the 2006-2007 school year. This section expires September 1, 2008.

Sec. 39.1327. MANAGEMENT OF CERTAIN ACADEMICALLY UNACCEPTABLE CAMPUSES. (a) A campus may be subject to this section if the campus has been identified as academically unacceptable under Section 39.132 and the commissioner orders alternative management under Section 39.1324(d), (e), or (f).

(b) The commissioner shall solicit proposals from qualified nonprofit entities to assume management of a campus subject to this section.

(c) If the commissioner determines that the basis for identifying a campus as academically unacceptable is limited to a specific condition that may be remedied with targeted technical assistance, the commissioner may:

- (1) provide the campus a one-year waiver under this section; and
- (2) require the district to contract for the appropriate technical assistance.

(d) The commissioner may annually solicit proposals under this section for the management of a campus subject to this section. The commissioner shall notify a qualified nonprofit entity that has been approved as a provider under this section. The district must execute a contract with an approved provider and relinquish control of the campus before January 1 of the school year.

(e) To qualify for consideration as a managing entity under this section, the entity must submit a proposal that provides information relating to the entity's management and leadership team that will participate in management of the campus under consideration, including information relating to individuals that have:

(1) documented success in whole school interventions that increased the educational and performance levels of students in academically unacceptable campuses;

(2) a proven record of effectiveness with programs assisting low-performing students;

(3) a proven ability to apply research-based school intervention strategies;

(4) a proven record of financial ability to perform under the management contract; and

(5) any other experience or qualifications the commissioner determines necessary.

(f) In selecting a managing entity under this section, the commissioner shall give preference to a nonprofit entity that:

(1) meets any qualifications under this section; and

(2) has documented success in educating students from similar demographic groups and with similar educational needs as the students who attend the campus that is to be operated by a managing entity under this section.

(g) The school district may negotiate the term of a management contract for not more than five years with an option to renew the contract. The management contract must include a provision describing the district's responsibilities in supporting the operation of the campus. The commissioner shall approve the contract before the contract is executed and, as appropriate, may require the district, as a term of the contract, to support the campus in the same manner as the district was required to support the campus before the execution of the management contract.

(h) A management contract under this section shall include provisions approved by the commissioner that require the managing entity to demonstrate improvement in campus performance, including negotiated performance measures. The performance measures must be consistent with the priorities of this chapter. The commissioner shall evaluate a managing entity's performance on the first and second anniversaries of the date of the management contract. If the evaluation fails to demonstrate improvement as negotiated under the contract by the first anniversary of the date of the management contract, the district may terminate the management contract, with the commissioner's consent, for nonperformance or breach of contract and select another provider from an approved list provided by the commissioner. If the evaluation fails to demonstrate

significant improvement, as determined by the commissioner, by the second anniversary of the date of the management contract, the district shall terminate the management contract and select another provider from an approved list provided by the commissioner or resume operation of the campus if approved by the commissioner. If the commissioner approves the district's operation of the campus, the commissioner shall assign a technical assistance team to assist the campus.

(i) Notwithstanding any other provision of this code, the funding for a campus operated by a managing entity must be not less than the funding of the other campuses in the district on a per student basis so that the managing entity receives at least the same funding the campus would otherwise have received.

(j) Each campus operated by a managing entity under this section is subject to this chapter in the same manner as any other campus in the district.

(k) The commissioner may adopt rules necessary to implement this section.

(l) With respect to the management of a campus under this section:

(1) a managing entity is considered to be a governmental body for purposes of Chapters 551 and 552, Government Code; and

(2) any requirement in Chapter 551 or 552, Government Code, that applies to a school district or the board of trustees of a school district applies to a managing entity.

SECTION 3.18. Subchapter G, Chapter 39, Education Code, is amended by adding Section 39.1331 to read as follows:

Sec. 39.1331. ACQUISITION OF PROFESSIONAL SERVICES. In addition to other sanctions authorized under Sections 39.131 and 39.132, the commissioner may order a school district or campus to acquire professional services at the expense of the district or campus to address the applicable financial, assessment, data quality, program, or governance deficiency. The commissioner's order may require the district or campus to:

(1) select an external auditor, data quality expert, professional authorized to monitor district assessment instrument administration, or curriculum or program expert; or

(2) provide for the appropriate training of district staff or board of trustees members in the case of a district, or campus staff, in the case of a campus.

SECTION 3.19. Section 39.134, Education Code, is amended to read as follows:

Sec. 39.134. COSTS PAID BY DISTRICT. The costs of providing a monitor, conservator, management team, ~~or special~~ campus intervention team, technical assistance team, managing entity under Section 39.1327, or service provider under Section 39.1331 shall be paid by the district. If the district fails or refuses to pay the costs in a timely manner, the commissioner may:

(1) pay the costs using amounts withheld from any funds to which the district is otherwise entitled; or

(2) recover the amount of the costs in the manner provided for recovery of an overallocation of state funds under Section 42.258.

SECTION 3.20. Chapter 39, Education Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. PROCEDURES FOR CHALLENGE OF
ACCOUNTABILITY
RATING OR SANCTION

Sec. 39.301. REVIEW BY COMMISSIONER: ACCOUNTABILITY RATINGS. (a) The commissioner by rule shall provide a process for a school district or open-enrollment charter school to challenge an agency decision made under this chapter relating to an academic or financial accountability rating that affects the district or school.

(b) The rules under Subsection (a) must provide for the commissioner to appoint a committee to make recommendations to the commissioner on a challenge made to an agency decision relating to an academic or financial accountability rating. The commissioner may not appoint an agency employee as a member of the committee.

(c) The commissioner may limit a challenge under this section to a written submission of any issue identified by the school district or open-enrollment charter school challenging the agency decision.

(d) The commissioner shall make a final decision under this section after considering the recommendation of the committee described by Subsection (b). The commissioner's decision may not be appealed under Section 7.057 or other law.

(e) A school district or open-enrollment charter school may not challenge an agency decision relating to an academic or financial accountability rating under this chapter in another proceeding if the district or school has had an opportunity to challenge the decision under this section.

Sec. 39.302. REVIEW BY STATE OFFICE OF ADMINISTRATIVE HEARINGS: SANCTIONS. (a) A school district or open-enrollment charter school that intends to challenge a decision by the commissioner under this chapter to close the district or a district campus or the charter school or to pursue alternative management of a district campus or the charter school must appeal the decision under the procedures provided for a contested case under Chapter 2001, Government Code.

(b) A challenge to a decision under this section is under the substantial evidence rule as provided by Subchapter G, Chapter 2001, Government Code.

(c) Notwithstanding other law:

(1) the State Office of Administrative Hearings shall provide an expedited review of a challenge under this section;

(2) the administrative law judge shall issue a final order not later than the 30th day after the date on which the hearing is finally closed; and

(3) the decision of the administrative law judge is final and may not be appealed.

SECTION 3.21. (a) Not later than the 2007-2008 school year, the Texas Education Agency shall collect information concerning the measure of progress toward preparation for postsecondary success for purposes of Section 39.051(b)(13), Education Code, as added by this Act.

(b) Not later than the 2008-2009 school year, the Texas Education Agency shall include, in evaluating the performance of school districts, campuses, and open-enrollment charter schools under Subchapter D, Chapter 39, Education Code, the measure of progress toward preparation for postsecondary success under Section 39.051(b)(13), Education Code, as added by this Act.

SECTION 3.22. (a) The lieutenant governor and the speaker of the house of representatives shall create a joint interim committee to examine the impact of public school assessment instruments on the quality of instruction, teacher morale, and students' motivation to learn.

(b) The committee shall investigate in the interim study:

(1) the usefulness of the various tests in elementary and secondary schools, including the assessment instruments administered under Section 39.023, Education Code, as predictors or indicators of student success;

(2) the impact of testing on the amount of instructional time and on the content of instruction offered at the elementary and secondary school levels;

(3) the amount of classroom time required to prepare for and administer multiple tests in public schools;

(4) whether teachers would benefit from a reduction in the paperwork requirements associated with mandatory testing in public schools;

(5) whether there is a need to adjust the timing of the tests' administration in the public schools to optimize student success; and

(6) the extent to which teachers and students might benefit from a reduction or consolidation of the current number of mandatory tests administered at the elementary and secondary school levels.

(c) The general rules and policies for joint interim committees adopted by the 79th Legislature shall govern the proceedings and operations of the committee.

(d) The committee shall submit a full report, including findings and recommendations, to the Texas Legislature not later than September 1, 2007.

(e) This section expires October 1, 2007.

ARTICLE 4. EDUCATION EMPLOYEES

SECTION 4.01. Subchapter E, Chapter 11, Education Code, is amended by adding Section 11.203 to read as follows:

Sec. 11.203. SCHOOL LEADERSHIP PILOT PROGRAM FOR PRINCIPALS. (a) The agency shall develop and implement a school leadership pilot program for principals in cooperation with a nonprofit corporation that has substantial experience in developing best practices to improve leadership skills, student achievement, student graduation rates, and teacher retention.

(b) The agency shall consult business schools, departments, or programs at institutions of higher education to develop program course work that focuses on management and business training.

(c) A principal or a person interested in becoming a principal may apply for participation in the program, in a form and manner determined by the commissioner.

(d) A principal of a campus rated academically unacceptable, as well as any person employed to replace that principal, shall participate in the program and complete the program requirements not later than a date determined by the commissioner.

(e) To pay the costs of administering the program, the commissioner may use funds appropriated to the agency and available for that purpose.

(e-1) For the state fiscal biennium beginning September 1, 2005, the amount the commissioner may use to finance activities under this section may not exceed \$3.6 million. This subsection expires August 31, 2007.

(f) To implement and administer the program, the commissioner may accept grants, gifts, and donations from public and private entities.

(g) The commissioner may adopt rules necessary to administer this section.

(h) During the first semester of the 2008-2009 school year, the agency shall evaluate the effectiveness of the program in developing and enhancing the ability of principals participating in the program to provide school leadership and improve student achievement and graduation rates and teacher retention. Not later than January 1, 2009, the agency shall submit a report explaining the results of the study to the governor, lieutenant governor, speaker of the house of representatives, and the presiding officers of the standing committees of each house of the legislature with primary jurisdiction over public education.

(i) This section expires September 1, 2010.

SECTION 4.02. Subchapter D, Chapter 12, Education Code, is amended by adding Section 12.133 to read as follows:

Sec. 12.133. WAGE INCREASE FOR CERTAIN PROFESSIONAL STAFF. (a) This section applies to a charter holder that on January 1, 2006, operated an open-enrollment charter school.

(b) Each school year, using state funds received by the charter holder for that purpose under Subsection (d), a charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year shall provide employees of the charter holder, other than administrators, compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in an average compensation increase for classroom teachers, full-time librarians, full-time counselors, and full-time school nurses who are employed by the charter holder and who would be entitled to a minimum salary under Section 21.402 if employed by a school district, in an amount at least equal to \$2,500.

(b-1) For the 2006-2007 school year, using state funds received by the charter holder for that purpose under Subsection (d-1), a charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year shall provide employees of the charter holder, other than administrators, compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in average compensation increases as follows:

(1) for full-time employees other than employees who would be entitled to a minimum salary under Section 21.402 if employed by a school district, an average increase at least equal to \$500; and

(2) for part-time employees, an average increase at least equal to \$250.

(c) Each school year, using state funds received by the charter holder for that purpose under Subsection (e), a charter holder that did not participate in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year shall provide employees of the charter holder, other than administrators, compensation in the form of annual salaries, incentives, or other compensation determined appropriate by the charter holder that results in an average compensation increase for classroom teachers, full-time librarians, full-time counselors, and full-time school nurses who are employed by the charter holder and who would be entitled to a minimum salary under Section 21.402 if employed by a school district, in an amount at least equal to \$2,000.

(d) Each school year, in addition to any amounts to which a charter holder is entitled under this chapter, a charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year is entitled to state aid in an amount, as determined by the commissioner, equal to the product of \$2,500 multiplied by the number of classroom teachers, full-time librarians, full-time counselors, and full-time school nurses employed by the charter holder at an open-enrollment charter school.

(d-1) For the 2006-2007 school year, in addition to any amounts to which a charter holder is entitled under this chapter, a charter holder that participated in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year is entitled to state aid in an amount, as determined by the commissioner, equal to the sum of:

(1) the product of \$500 multiplied by the number of full-time employees other than employees who would be entitled to a minimum salary under Section 21.402 if employed by a school district; and

(2) the product of \$250 multiplied by the number of part-time employees.

(e) Each school year, in addition to any amounts to which a charter holder is entitled under this chapter, a charter holder that did not participate in the program under Chapter 1579, Insurance Code, for the 2005-2006 school year is entitled to state aid in an amount, as determined by the commissioner, equal to the product of \$2,000 multiplied by the number of classroom teachers, full-time librarians, full-time counselors, and full-time school nurses employed by the charter holder at an open-enrollment charter school.

(e-1) Subsections (b-1) and (d-1) and this subsection expire September 1, 2007.

(f) A payment under this section is in addition to wages the charter holder would otherwise pay the employee during the school year.

SECTION 4.03. Section 19.007, Education Code, is amended by adding Subsection (f) to read as follows:

(f) In addition to other amounts received by the district under this section, the district is entitled to state aid in an amount equal to the product of \$2,000 multiplied by the number of classroom teachers, full-time librarians, full-time counselors certified under Subchapter B, Chapter 21, and full-time school nurses

who are employed by the district and who would be entitled to a minimum salary under Section 21.402 if employed by a school district operating under Chapter 11.

SECTION 4.04. Section 19.009, Education Code, is amended by adding Subsection (d-1) to read as follows:

(d-1) Each school year, the district shall pay an amount at least equal to \$2,000 to each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, Chapter 21, and full-time school nurse who is employed by the district and who would be entitled to a minimum salary under Section 21.402 if employed by a school district operating under Chapter 11. A payment under this section is in addition to wages the district would otherwise pay the employee during the school year.

SECTION 4.05. Section 21.402, Education Code, is amended by amending Subsections (a), (c), and (d) and adding Subsections (a-1), (c-1), and (c-2) to read as follows:

(a) Except as provided by Subsection (a-1), (d), (e), or (f), a school district must pay each classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse not less than the minimum monthly salary, based on the employee's level of experience in addition to other factors, as determined by commissioner rule, determined by the following formula:

$$MS = SF \times FS$$

where:

"MS" is the minimum monthly salary;

"SF" is the applicable salary factor specified by Subsection (c); and

"FS" is the amount, as determined by the commissioner under Subsection (b), of state and local funds per weighted student, including funds provided under Section 42.2516(b)(1)(B), but not funds provided under Section 42.2516(b)(1)(A), (b)(1)(C), (b)(2), or (b)(3), available to a district eligible to receive state assistance under Section 42.302 with a maintenance and operations [an enrichment] tax rate per \$100 of taxable value equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50 [as defined by Section 42.302, equal to the maximum rate authorized under Section 42.303], except that the amount of state and local funds per weighted student does not include the amount attributable to the increase in the guaranteed level made by Chapter 1187 [HB 3343], Acts of the 77th Legislature, Regular Session, 2001.

(a-1) A school district is not required to pay the minimum salary prescribed by Subsection (a) to an educator who receives a service retirement annuity under Chapter 824, Government Code.

(c) The salary factors per step are as follows:

Years Experi ence Salary Factor	0	1	2	3	4
	<u>.6226</u>	[.6666]	<u>.6360</u>	[.6799]	<u>.6492</u>
			[.6924]	<u>.6627</u>	[.7058]
				<u>.6909</u>	[.7340]

Years Experi ence Salary Factor	5	6	7	8	9					
	<u>.7192</u>	[.6623]	<u>.7474</u>	[.6906]	<u>.7737</u>	[.7168]	<u>.7985</u>	[.7416]	<u>.8220</u>	[.7651]
Years Experi ence Salary Factor	10	11	12	13	14					
	<u>.8441</u>	[.7872]	<u>.8650</u>	[.8082]	<u>.8851</u>	[.8281]	<u>.9035</u>	[.8467]	<u>.9213</u>	[.8645]
Years Experi ence Salary Factor	15	16	17	18	19					
	<u>.9380</u>	[.8811]	<u>.9539</u>	[.8970]	<u>.9687</u>	[.9119]	<u>.9828</u>	[.9260]	<u>.9963</u>	[.9394]
Years Experi ence Salary Factor	20 and over									
	<u>1.009</u>	[.9520]								

(c-1) Notwithstanding Subsection (a), for the 2006-2007 school year, a classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse is entitled to a monthly salary that is at least equal to the sum of:

(1) the monthly salary the employee would have received for the 2006-2007 school year under the district's salary schedule for the 2005-2006 school year, if that schedule had been in effect for the 2006-2007 school year, including any local supplement and any money representing a career ladder supplement the employee would have received in the 2006-2007 school year; and

(2) \$250.

(c-2) Subsection (c-1) and this subsection expire September 1, 2007.

(d) A classroom teacher, full-time librarian, full-time counselor certified under Subchapter B, or full-time school nurse employed by a school district in the 2006-2007 [2000-2001] school year is, as long as the employee is employed by the same district, entitled to a salary that is at least equal to the salary the employee received for the 2006-2007 [2000-2001] school year.

SECTION 4.06. Subchapter I, Chapter 21, Education Code, is amended by adding Section 21.415 to read as follows:

Sec. 21.415. EMPLOYMENT CONTRACTS. (a) A school district shall provide in employment contracts that qualifying employees may receive an incentive payment under an awards program established under Subchapter N or O if the district participates in the program.

(b) The district shall indicate that any incentive payment distributed is considered a payment for performance and not an entitlement as part of an employee's salary.

SECTION 4.07. Subchapter J, Chapter 21, Education Code, is amended by adding Section 21.458 to read as follows:

Sec. 21.458. MENTORS. (a) Each school district may assign a mentor teacher to each classroom teacher who has less than two years of teaching experience. A teacher assigned as a mentor must:

(1) teach in the same school;

(2) to the extent practicable, teach the same subject or grade level, as applicable; and

(3) meet the qualifications prescribed by commissioner rules adopted under Subsection (b).

(b) The commissioner shall adopt rules necessary to administer this section, including rules concerning the duties and qualifications of a teacher who serves as a mentor. The rules concerning qualifications must require that to serve as a mentor a teacher must:

(1) complete a research-based mentor and induction training program approved by the commissioner;

(2) complete a mentor training program provided by the district; and

(3) have at least three complete years of teaching experience with a superior record of assisting students, as a whole, in achieving improvement in student performance.

(c) From the funds appropriated to the agency for purposes of this section, the commissioner shall adopt rules and provide funding to school districts that assign mentor teachers under this section. Funding provided to districts under this section may be used only for providing:

(1) mentor teacher stipends;

(2) scheduled time for mentor teachers to provide mentoring to assigned classroom teachers; and

(3) mentoring support through providers of mentor training.

(d) In adopting rules under Subsection (c), the commissioner shall rely on research-based mentoring programs that, through external evaluation, have demonstrated success.

SECTION 4.08. Chapter 21, Education Code, is amended by adding Subchapters N and O to read as follows:

SUBCHAPTER N. AWARDS FOR STUDENT ACHIEVEMENT PROGRAM

Sec. 21.651. DEFINITION. In this subchapter, "program" means the awards for student achievement program.

Sec. 21.652. ESTABLISHMENT OF PROGRAM. (a) The commissioner by rule shall:

(1) establish an awards for student achievement program under which an eligible campus may receive a grant from the agency in the manner provided by this subchapter; and

(2) adopt program guidelines in accordance with this subchapter for a campus to follow in developing a campus incentive plan under Section 21.654.

(b) In adopting rules under this section, the commissioner shall include rules governing eligibility for and participation by an open-enrollment charter school in the program.

Sec. 21.653. CAMPUS ELIGIBILITY. (a) Except as provided by Subsection (b), a campus is eligible to apply for and may receive a program grant if the campus:

(1) is ranked by the agency in the top half of this state's elementary school campuses, middle or junior high school campuses, high school campuses, or campuses for students of all grade levels, as applicable, in the percentage of educationally disadvantaged students enrolled at the campus; and

(2) is rated exemplary or recognized under Section 39.072 or ranked in the top quartile of campuses in comparable improvement, as defined by Section 39.051(c), in mathematics or reading.

(b) This subsection applies only to a registered alternative education campus that has a student enrollment of at least 30 students and is rated under alternative education accountability procedures. A campus to which this subsection applies is eligible to apply for and may receive a program grant if the campus is ranked by the agency in the top third of elementary school campuses, middle or junior high school campuses, high school campuses, or campuses for students of all grade levels, as applicable, in the percentage of educationally disadvantaged students enrolled at the campus who perform successfully, as determined under Section 39.024, on assessment instruments administered under Section 39.023.

Sec. 21.654. CAMPUS INCENTIVE PLAN. (a) A campus-level decision-making body, such as the campus-level planning and decision-making committee established under Subchapter F, Chapter 11, for each eligible campus that intends to participate in the program shall develop a campus incentive plan for the campus that:

(1) is designed to reward teachers who have a positive impact on improving student achievement;

(2) meets all program guidelines adopted by the commissioner under Section 21.652; and

(3) describes how grant funds will be distributed.

(b) A district-level committee, such as the district-level planning and decision-making committee established under Subchapter F, Chapter 11:

(1) must approve the campus incentive plan developed under Subsection (a) before the plan is submitted to the agency; and

(2) shall approve the plan if the district-level committee determines that the plan meets program guidelines adopted by the commissioner under Section 21.652.

(c) A school district shall, on behalf of an eligible campus, submit a campus incentive plan to the agency for approval. The plan must be submitted together with:

(1) evidence of significant classroom teacher involvement in the development of the plan presented through the campus-level decision-making body's meeting attendance records or minutes or other appropriate means;

(2) letters from at least three classroom teachers assigned to the eligible campus describing the teachers' support for and involvement in developing the plan; and

(3) evidence that the plan:

(A) has been made available for public viewing; and

(B) has been presented to the public at a regularly scheduled board of trustees meeting or will be presented at a regularly scheduled board meeting on a date specified, as applicable.

(d) The agency may approve only a campus incentive plan that meets program guidelines adopted by the commissioner under Section 21.652 and satisfies this section. The agency may negotiate with a school district to ensure that activities proposed in the campus incentive plan the district submits meet program guidelines.

Sec. 21.655. AMOUNT OF PROGRAM GRANT AWARD. (a) Each eligible campus whose campus incentive plan is approved by the agency under Section 21.654 is entitled to a grant award in an amount determined by the commissioner.

(b) Grants from funds appropriated for the program shall be awarded beginning with the 2006-2007 school year and may not exceed \$98 million in the 2006-2007 school year except as expressly authorized by the General Appropriations Act or other law. This subsection expires September 1, 2007.

Sec. 21.656. INCENTIVE PAYMENTS TO CLASSROOM TEACHERS. (a) An eligible campus must use 75 percent of a grant award received under Section 21.655 to provide incentive payments to classroom teachers assigned to the campus. To the extent practicable, the campus shall pay a classroom teacher an incentive payment in an amount of not less than \$3,000 or more than \$10,000.

(b) In distributing incentive payments to classroom teachers under this section, an eligible campus:

(1) may distribute an incentive payment only to a classroom teacher who:

(A) demonstrates success in improving student achievement using objective, quantifiable measures, such as local benchmarking systems, portfolio assessments, end-of-course assessments, and value-added assessments; and

(B) successfully collaborates with other faculty and with staff in a manner that contributes to improving overall student achievement at the campus; and

(2) may consider a classroom teacher's:

(A) assignment to teach a subject that:

(i) has been designated by the commissioner as a subject historically experiencing a critical shortage of teachers or a high teacher turnover rate; or

(ii) is a subject for which the district in which the campus is located has a shortage of teachers; or

(B) demonstration of ongoing initiative, commitment, professionalism, and involvement in an activity that directly results in improved student achievement, including working with students outside of assigned class hours, creating a program that involves parents, and personalizing the learning environment for each student.

Sec. 21.657. DISTRIBUTION OF OTHER PROGRAM FUNDS. (a) An eligible campus must use 25 percent of a grant award received under Section 21.655 to provide for:

(1) incentive payments to campus employees other than classroom teachers, such as principals, assistant principals, teachers who are not eligible for an incentive payment under Section 21.656, counselors, speech therapists, instructional coaches, teacher's aides, nurses, librarians, members of the custodial staff, or other campus employees who have contributed to improved student achievement;

(2) professional development for classroom teachers who:

(A) do not receive an incentive payment under Section 21.656; and

(B) would benefit from professional development to develop or enhance skills and behaviors described under Section 21.656(b);

(3) reimbursement or funding for a professional development activity that directly contributes to improved classroom instruction and student achievement;

(4) signing bonuses for classroom teachers new to the campus who are teaching subjects that have been designated by the commissioner as historically experiencing a critical shortage of teachers;

(5) a teacher mentoring program that meets the requirements of Section 21.458;

(6) an activity that supports new teacher induction programs, including:

(A) common planning time and collaboration;

(B) a professional development activity; and

(C) standards-based evaluations;

(7) an activity that supports common planning time and curriculum development;

(8) a program that has been proven to recruit and retain highly effective teachers;

(9) an activity that creates or furthers the goals of an incentive system designed to improve student achievement;

(10) stipends for teachers who participate in an after-school or Saturday program that directly contributes to improved classroom instruction and student achievement;

(11) stipends for teachers who are certified under Subchapter B in the main subject area in which they teach;

(12) stipends for teachers who hold a postgraduate degree;

(13) additional funding for feeder campuses that, because they are not assigned performance ratings under Chapter 39, do not qualify to participate in the program, such as campuses that serve kindergarten through grade two, to implement an activity described by this section; and

(14) any other program that directly contributes to improved student achievement.

(b) A campus may not use any of a grant award received under Section 21.655 to provide for an incentive payment to an employee whose primary responsibility, as determined in accordance with commissioner rule, is supervision of an athletic activity.

Sec. 21.658. RULES. The commissioner shall adopt rules necessary to administer this subchapter.

SUBCHAPTER O. EDUCATOR EXCELLENCE AWARDS PROGRAM

Sec. 21.701. DEFINITION. In this subchapter, "program" means the educator excellence awards program.

Sec. 21.702. EDUCATOR EXCELLENCE AWARDS PROGRAM. (a) The commissioner by rule shall establish an educator excellence awards program under which school districts, in accordance with local awards plans approved by the commissioner, receive program grants from the agency for the purpose of providing awards to district employees in the manner provided by Section 21.705.

(b) In establishing the program, the commissioner shall adopt program guidelines in accordance with this subchapter for a school district to follow in developing a local awards plan under Section 21.704.

(c) In adopting rules under this section, the commissioner shall include rules governing eligibility for and participation by an open-enrollment charter school in the program.

Sec. 21.703. EDUCATOR EXCELLENCE FUND; AMOUNT OF GRANT AWARD. (a) Each state fiscal year, the commissioner shall deposit the sum of \$1,000 multiplied by the number of classroom teachers in this state to the credit of the educator excellence fund in the general revenue fund. Each state fiscal year, the agency shall use:

(1) not more than \$100 million of the funds in the educator excellence fund to provide grant awards under the awards for student achievement program established under Subchapter N; and

(2) any remaining funds in the educator excellence fund to provide a qualifying school district a grant in an amount determined by:

(A) dividing the amount of remaining money available for distribution in the educator excellence fund by the total number of students in average daily attendance in qualifying districts for that fiscal year; and

(B) multiplying the amount determined under Paragraph (A) by the number of students in average daily attendance in the district.

(b) Subsection (a) applies beginning with the state fiscal year beginning September 1, 2008. In the state fiscal year beginning September 1, 2007, the commissioner shall deposit \$840 multiplied by the number of classroom teachers in this state to the credit of the educator excellence fund in the general revenue fund. The agency shall use:

(1) not more than \$100 million of the funds in the educator excellence fund to provide grant awards under the awards for student achievement program established under Subchapter N; and

(2) any remaining funds in the educator excellence fund to provide a qualifying school district a grant in an amount determined by:

(A) dividing the amount of remaining money available for distribution in the educator excellence fund by the total number of students in average daily attendance in qualifying districts for that fiscal year; and

(B) multiplying the amount determined under Paragraph (A) by the number of students in average daily attendance in the district.

(c) Subsection (b) and this subsection expire September 1, 2008.

(d) Notwithstanding Subsection (a) or (b), the agency may use funds in the educator excellence fund as necessary to conduct or contract with another entity to conduct the evaluation required under Section 21.706. This subsection expires June 1, 2011.

Sec. 21.704. LOCAL AWARDS PLANS. (a) A district-level committee for a school district that intends to participate in the program, such as the district-level planning and decision-making committee established under Subchapter F, Chapter 11, shall develop a local awards plan for the district. The local awards plan may provide for all campuses in the district to participate in the program or only certain campuses selected by the district-level committee. A majority of classroom teachers assigned to a campus that is selected by the district-level committee to participate in the program must approve participation to be included in the local awards plan.

(b) If appropriate, the district-level committee may use a campus incentive plan developed for a campus in the district under Subchapter N in whole or in part as part of the local awards plan submitted under this section. Notwithstanding Section 21.705, the commissioner by rule shall allow a campus that receives funding under Subchapter N and that is included in a district's local awards plan under this section to use grant funds received under this subchapter as additional money to be spent in the manner provided by Subchapter N.

(c) A school district shall submit a local awards plan to the agency for approval. The plan must be submitted together with evidence of significant teacher involvement in the development of the plan.

(d) The agency may approve only a local awards plan that meets program guidelines adopted by the commissioner under Section 21.702 and that satisfies this section and Section 21.705.

(e) The agency shall make model local awards plans available to school districts that wish to participate in the program.

(f) A school district whose local awards plan is approved by the agency to receive a program grant under this subchapter may renew the plan for three consecutive school years without resubmitting the plan to the agency for approval. A school district may amend a local awards plan for approval by the agency for each school year the district receives a program grant.

Sec. 21.705. AWARD PAYMENTS. A school district must use at least 60 percent of grant funds awarded to the district under this subchapter to directly award classroom teachers who effectively improve student achievement as determined by meaningful, objective measures. The remaining funds must be used only to:

(1) provide stipends to effective mentors or teacher coaches;

(2) provide stipends to classroom teachers who are certified in a subject that is designated by the commissioner as commonly experiencing a critical shortage of teachers;

(3) provide stipends to classroom teachers who are certified under Subchapter B in the main subject area in which they teach;

(4) provide stipends to classroom teachers with proven records of success for improving student performance who are assigned to campuses at which the district has experienced difficulty assigning or retaining teachers;

(5) provide stipends to classroom teachers who hold postgraduate degrees;

(6) provide awards to principals who effectively increase student performance as determined by objective measures;

(7) provide awards to other campus employees who demonstrate excellence; or

(8) implement the components of a Teacher Advancement Program (TAP), including:

(A) an instructionally focused accountability system; and

(B) the adjustment of teaching schedules to permit ongoing applied professional growth.

Sec. 21.706. EVALUATION OF AWARDS FOR STUDENT ACHIEVEMENT AND EDUCATOR EXCELLENCE AWARDS PROGRAMS.

(a) Using funds from the educator excellence fund created under Section 21.703, the agency shall conduct or contract with another entity to conduct a comprehensive evaluation of the awards for student achievement program established under Subchapter N and the educator excellence awards program established under this subchapter. The evaluation must include:

(1) a descriptive analysis of the design and implementation of the awards for student achievement program and the educator excellence awards program at participating campuses or school districts, including detailed descriptions of the models and approaches used by the campuses or districts in distributing incentive awards to classroom teachers;

(2) detailed information regarding the distribution of incentive awards to classroom teachers under the awards for student achievement program and the educator excellence awards program, including the measurements used by the campuses or districts in determining the amounts of incentive awards to distribute to classroom teachers;

(3) a comprehensive, quantitative analysis of the impact of the awards for student achievement program and the educator excellence awards program at participating campuses or districts, including the impact of the various incentive award distribution models used by the campuses or districts on key outcomes in the programs; and

(4) a summary of the approaches used by participating campuses or districts in distributing grant funds that are not specifically designated for distribution as incentive awards for classroom teachers and an assessment of whether those funds are used effectively by the participating campuses or districts.

(b) Not later than December 1, 2008, the agency shall prepare and deliver to each member of the legislature a report describing the interim results of the evaluation conducted in accordance with this section. Not later than December 1, 2010, the agency shall prepare and deliver to each member of the legislature a report describing the final results of the evaluation.

(c) This section expires June 1, 2011.

Sec. 21.707. RULES. The commissioner shall adopt rules necessary to administer this subchapter.

SECTION 4.09. Subchapter D, Chapter 22, Education Code, as added by Chapters 899 and 1359, Acts of the 79th Legislature, Regular Session, 2005, is reenacted and amended to read as follows:

SUBCHAPTER D. HEALTH CARE ~~[COMPENSATION]~~
SUPPLEMENTATION

Sec. 22.101. DEFINITIONS. In this subchapter:

(1) "Cafeteria plan" means a plan as defined and authorized by Section 125, Internal Revenue Code of 1986.

(2) "Employee" means an active, contributing member of the Teacher Retirement System of Texas who:

(A) is employed by a district, other educational district whose employees are members of the Teacher Retirement System of Texas, participating charter school, or regional education service center;

(B) is not a retiree eligible for coverage under the program established under Chapter 1575, Insurance Code;

(C) is not eligible for coverage by a group insurance program under Chapter 1551 or 1601, Insurance Code; and

(D) is not an individual performing personal services for a district, other educational district that is a member of the Teacher Retirement System of Texas, participating charter school, or regional education service center as an independent contractor.

(3) "Participating charter school" means an open-enrollment charter school established under Subchapter D, Chapter 12, that participates in the program established under Chapter 1579, Insurance Code.

(4) "Regional education service center" means a regional education service center established under Chapter 8.

Sec. 22.102. AUTHORITY TO ADOPT RULES; OTHER AUTHORITY.

(a) The agency may adopt rules to implement this subchapter.

(b) The agency may enter into interagency contracts with any other agency of this state for the purpose of assistance in implementing this subchapter.

Sec. 22.103. DESIGNATION OF COMPENSATION AS HEALTH CARE SUPPLEMENTATION. ~~(a) An employee of a school~~ [ELIGIBILITY; WAITING PERIOD. A person is not eligible for a monthly distribution under this subchapter before the 91st day after the first day the person becomes an employee.]

~~[Sec. 22.104. DISTRIBUTION BY AGENCY. Subject to the availability of funds, each month the agency shall deliver to each] district, [including a district that is ineligible for state aid under Chapter 42, each] other educational district that is a member of the Teacher Retirement System of Texas, [each] participating charter school, or [and each] regional education service center may elect to designate a portion of the employee's compensation to be used as health care supplementation under this subchapter.~~

(b) The amount designated under this section may not exceed the amount permitted under applicable federal law.

(c) This section does not apply to an employee who is not covered by a cafeteria plan or who is not eligible to pay health care premiums through a premium conversion plan [state funds in an amount, as determined by the agency, equal to the product of the number of eligible employees employed by the district, school, or service center multiplied by the amount specified in the General Appropriations Act for purposes of this subchapter and divided by 12. The agency shall distribute funding to only one entity for employees who are employed by more than one entity listed in this section].

Sec. 22.104 [22.105]. FUNDS HELD IN TRUST. All funds received by a district, other educational district, participating charter school, or regional education service center under this subchapter are held in trust for the benefit of the employees on whose behalf the district, school, or service center received the funds.

Sec. 22.105. WRITTEN ELECTION REQUIRED. Each school year, an active employee must elect in writing whether to designate a portion of the employee's compensation to be used as health care supplementation under this subchapter. An election under this section must be made at the same time at which the employee elects to participate in a cafeteria plan, if applicable.

Sec. 22.106. [RECOVERY OF DISTRIBUTIONS. The agency is entitled to recover from a district, other educational district, participating charter school, or regional education service center any amount distributed under this subchapter to which the district, school, or service center was not entitled.

[Sec. 22.107. DETERMINATION BY AGENCY FINAL. A determination by the agency under this subchapter is final and may not be appealed.

[Sec. 22.108. DISTRIBUTION BY SCHOOL. Each month, each district, other educational district that is a member of the Teacher Retirement System of Texas, participating charter school, and regional education service center must distribute to its eligible employees the funding received under this subchapter. To receive the monthly distribution, an individual must meet the definition of an employee under Section 22.101 for that month.

[Sec. 22.109.] USE OF DESIGNATED [SUPPLEMENTAL] COMPENSATION. An employee may use compensation designated for health care supplementation [a monthly distribution received] under this subchapter for any employee benefit, including depositing the designated amount [of the distribution] into a cafeteria plan in which [-if] the employee is enrolled [in a cafeteria plan,] or using the designated amount [of the distribution] for health care premiums through a premium conversion plan. [The employee may take the amount of the distribution as supplemental compensation.

[Sec. 22.110. SUPPLEMENTAL COMPENSATION. An amount distributed to an employee under this subchapter must be in addition to the rate of compensation that:

[(1) the district, other educational district, participating charter school, or regional education service center paid the employee in the preceding school year; or

~~[(2) the district, school, or service center would have paid the employee in the preceding school year if the employee had been employed by the district, school, or service center in the same capacity in the preceding school year.]~~

Sec. 22.107. WAGE INCREASE FOR SUPPORT STAFF. (a) For the 2006-2007 school year, a school district shall pay each full-time district employee, other than an administrator or an employee subject to the minimum salary schedule under Section 21.402, an amount at least equal to \$500.

(b) For the 2006-2007 school year, a school district shall pay each part-time district employee, other than an administrator, an amount at least equal to \$250.

(c) A school district employee entitled to a wage increase under this section may elect to receive a portion of the person's annual wages as health care supplementation as provided by this subchapter.

(d) A payment under this section is in addition to wages the district would otherwise pay the employee during the school year.

(e) This section expires September 1, 2007.

SECTION 4.10. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2513 to read as follows:

Sec. 42.2513. ADDITIONAL STATE AID FOR STAFF SALARY INCREASES. (a) For the 2006-2007 school year, a school district, including a school district that is otherwise ineligible for state aid under this chapter, is entitled to state aid in an amount equal to the sum of:

(1) the product of \$500 multiplied by the number of full-time district employees, other than administrators or employees subject to the minimum salary schedule under Section 21.402; and

(2) the product of \$250 multiplied by the number of part-time district employees, other than administrators.

(b) This subsection expires September 1, 2007.

(c) A determination by the commissioner under this section is final and may not be appealed.

(d) The commissioner may adopt rules to implement this section.

SECTION 4.11. Sections 822.201(b) and (c), Government Code, are amended to read as follows:

(b) "Salary and wages" as used in Subsection (a) means:

(1) normal periodic payments of money for service the right to which accrues on a regular basis in proportion to the service performed;

(2) amounts by which the member's salary is reduced under a salary reduction agreement authorized by Chapter 610;

(3) amounts that would otherwise qualify as salary and wages under Subdivision (1) but are not received directly by the member pursuant to a good faith, voluntary written salary reduction agreement in order to finance payments to a deferred compensation or tax sheltered annuity program specifically authorized by state law or to finance benefit options under a cafeteria plan qualifying under Section 125 of the Internal Revenue Code of 1986, if:

(A) the program or benefit options are made available to all employees of the employer; and

(B) the benefit options in the cafeteria plan are limited to one or more options that provide deferred compensation, group health and disability insurance, group term life insurance, dependent care assistance programs, or group legal services plans;

(4) performance pay awarded to an employee by a school district as part of a total compensation plan approved by the board of trustees of the district and meeting the requirements of Subsection (e);

(5) the benefit replacement pay a person earns under Subchapter H, Chapter 659, except as provided by Subsection (c);

(6) stipends paid to teachers in accordance with Section 21.410, 21.411, 21.412, or 21.413, Education Code;

(7) amounts by which the member's salary is reduced or that are deducted from the member's salary as authorized by Subchapter J, Chapter 659; ~~[and]~~

(8) a merit salary increase made under Section 51.962, Education Code; and

(9) amounts received under the awards for student achievement program under Subchapter N, Chapter 21, Education Code, the educator excellence awards program under Subchapter O, Chapter 21, Education Code, or a mentoring program under Section 21.458, Education Code.

(c) Excluded from salary and wages are:

(1) expense payments;

(2) allowances;

(3) payments for unused vacation or sick leave;

(4) maintenance or other nonmonetary compensation;

(5) fringe benefits;

(6) deferred compensation other than as provided by Subsection (b)(3);

(7) compensation that is not made pursuant to a valid employment agreement;

(8) payments received by an employee in a school year that exceed \$5,000 for teaching a driver education and traffic safety course that is conducted outside regular classroom hours;

(9) the benefit replacement pay a person earns as a result of a payment made under Subchapter B or C, Chapter 661;

(10) any compensation designated as health care supplementation ~~[amount received]~~ by an employee under Subchapter D, Chapter 22, Education Code, subject to an annual limit of \$1,000;

(11) any amount received by an employee under:

(A) [7] former Article 3.50-8, Insurance Code;

(B) [7] former Chapter 1580, Insurance Code;

(C) Subchapter D, Chapter 22, Education Code, as that subchapter existed January 1, 2006;[7] or

(D) Rider 9, Page III-39, Chapter 1330, Acts of the 78th Legislature, Regular Session, 2003 (the General Appropriations Act); and

(12) [44] any compensation not described in Subsection (b).

SECTION 4.12. Section 21.402(a-1), Education Code, as added by this Act, does not apply to the salary of an educator employed under a contract entered into before the effective date of this Act.

SECTION 4.13. As soon as practicable after the effective date of this Act, the commissioner of education shall adopt rules for establishing and administering the awards for student achievement program under Subchapter N, Chapter 21, Education Code, as added by this Act, and the educator excellence awards program under Subchapter O, Chapter 21, Education Code, as added by this Act. The commissioner shall make the awards for student achievement program available for campus participation not later than the 2006-2007 school year. The commissioner shall make the educator excellence awards program available for school district participation beginning with the 2007-2008 school year.

ARTICLE 5. HIGH SCHOOL SUCCESS AND COLLEGE READINESS

SECTION 5.01. Subchapter A, Chapter 28, Education Code, is amended by adding Sections 28.008 and 28.009 to read as follows:

Sec. 28.008. ADVANCEMENT OF COLLEGE READINESS IN CURRICULUM. (a) To ensure that students are able to perform college-level course work at institutions of higher education, the commissioner of education and the commissioner of higher education shall establish vertical teams composed of public school educators and institution of higher education faculty.

(b) The vertical teams shall:

(1) recommend for approval by the commissioner of education and the Texas Higher Education Coordinating Board college readiness standards and expectations that address what students must know and be able to do to succeed in entry-level courses offered at institutions of higher education;

(2) evaluate whether the high school curriculum requirements under Section 28.002 and other instructional requirements serve to prepare students to successfully perform college-level course work;

(3) recommend how the public school curriculum requirements can be aligned with college readiness standards and expectations;

(4) develop instructional strategies for teaching courses to prepare students to successfully perform college-level course work; and

(5) develop or establish minimum standards for curricula, professional development materials, and online support materials in English language arts, mathematics, science, and social studies, designed for students who need additional assistance in preparing to successfully perform college-level course work.

(c) The commissioner of education and the Texas Higher Education Coordinating Board by rule shall establish the composition and duties of the vertical teams established under this section.

(d) The State Board of Education shall incorporate college readiness standards and expectations approved by the commissioner of education and the Texas Higher Education Coordinating Board under Subsection (b) into the essential knowledge and skills identified by the board under Section 28.002(c).

(e) Not later than September 1, 2011, the vertical teams shall complete the development of or establish minimum standards for the curricula and related materials under Subsection (b)(5). The vertical teams shall develop or establish minimum standards for the English language arts curricula and materials first, followed by mathematics, science, and social studies, respectively. The vertical teams shall complete the development of or establish minimum standards for the English language arts curricula and materials for approval by the State Board of Education not later than June 1, 2009. The English language arts curricula and online materials must be made available to high school students beginning with the 2009 fall semester, with the mathematics, science, and social studies curricula and online materials respectively becoming available each subsequent fall semester. This subsection expires December 1, 2012.

(f) The agency shall coordinate with the Texas Higher Education Coordinating Board as necessary in administering this section.

Sec. 28.009. COLLEGE CREDIT PROGRAM. (a) Each school district shall implement a program under which students may earn the equivalent of at least 12 semester credit hours of college credit in high school. On request, a public institution of higher education in this state shall assist a school district in developing and implementing the program.

(a-1) Not later than the fall 2008 semester, each school district shall implement a program that meets the requirements prescribed by Subsection (a). This subsection expires June 1, 2009.

(b) The agency shall coordinate with the Texas Higher Education Coordinating Board as necessary in administering this section.

SECTION 5.02. Section 28.025, Education Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) The State Board of Education by rule shall require that:

(1) the curriculum requirements for the recommended and advanced high school programs under Subsection (a) include a requirement that students successfully complete four courses in each subject of the foundation curriculum under Section 28.002(a)(1); and

(2) one or more courses offered in the required curriculum for the recommended and advanced high school programs include a research writing component.

SECTION 5.03. Subchapter C, Chapter 29, Education Code, is amended by adding Section 29.0822 to read as follows:

Sec. 29.0822. OPTIONAL FLEXIBLE SCHOOL DAY PROGRAM. (a) Notwithstanding Section 25.081 or 25.082, a school district may apply to the commissioner to provide a flexible school day program for students in grades nine through 12 who:

(1) have dropped out of school or are at risk of dropping out of school as defined by Section 29.081; or

(2) attend a campus that is implementing an innovative redesign of the campus or an early college high school under a plan approved by the commissioner.

(b) To enable a school district to provide a program under this section that meets the needs of students described by Subsection (a), a school district that meets application requirements may:

(1) provide flexibility in the number of hours each day a student attends;

(2) provide flexibility in the number of days each week a student attends; or

(3) allow a student to enroll in less than or more than a full course load.

(c) A course offered in a program under this section must provide for at least the same number of instructional hours as required for a course offered in a program that meets the required minimum number of instructional days under Section 25.081 and the required length of school day under Section 25.082.

(d) The commissioner may adopt rules for the administration of this section, including rules establishing application requirements. The commissioner shall calculate average daily attendance for students served under this section. The commissioner shall allow accumulations of hours of instruction for students whose schedule would not otherwise allow full state funding. Funding under this subsection shall be determined based on the number of instructional days in the school district calendar and a seven-hour school day, but attendance may be cumulated over a school year, including any summer or vacation session. The attendance of students who accumulate less than the number of attendance hours required under this subsection shall be proportionately reduced for funding purposes. The commissioner may set maximum funding amounts for an individual course under this section.

SECTION 5.04. Subchapter D, Chapter 29, Education Code, is amended by adding Section 29.124 to read as follows:

Sec. 29.124. TEXAS GOVERNOR'S SCHOOLS. (a) In this section, "public senior college or university" has the meaning assigned by Section 61.003.

(b) A Texas governor's school is a summer residential program for high-achieving high school students. A governor's school program may include any or all of the following educational curricula:

(1) mathematics and science;

(2) humanities; or

(3) leadership and public policy.

(c) A public senior college or university may apply to the commissioner to administer a Texas governor's school program under this section. The commissioner shall give preference to a public senior college or university that applies in cooperation with a nonprofit association. The commissioner shall give additional preference if the nonprofit association receives private foundation funds that may be used to finance the program.

(d) The commissioner may approve an application under this section only if the applicant:

(1) applies within the period and in the manner required by rule adopted by the commissioner;

(2) submits a program proposal that includes:

(A) a curriculum consistent with Subsection (b);

(B) criteria for selecting students to participate in the program;

(C) a statement of the length of the program, which must be at least three weeks; and

(D) a statement of the location of the program;

(3) agrees to use a grant under this section only for the purpose of administering a program; and

(4) satisfies any other requirements established by rule adopted by the commissioner.

(e) From funds appropriated to the agency, the commissioner may make a grant in an amount not to exceed \$750,000 each year to public senior colleges or universities whose applications are approved under this section to pay the costs of administering a Texas governor's school program.

(f) The commissioner may adopt other rules necessary to implement this section.

SECTION 5.05. Subchapter B, Chapter 39, Education Code, is amended by adding Section 39.0232 to read as follows:

Sec. 39.0232. USE OF END-OF-COURSE ASSESSMENT INSTRUMENT AS PLACEMENT INSTRUMENT. To the extent practicable, the agency shall ensure that any high school end-of-course assessment instrument developed by the agency is developed in such a manner that the assessment instrument may be used to determine the appropriate placement of a student in a course of the same subject matter at an institution of higher education.

SECTION 5.06. Subchapter F, Chapter 39, Education Code, is amended by adding Sections 39.113 and 39.114 to read as follows:

Sec. 39.113. RECOGNITION OF HIGH SCHOOL COMPLETION AND SUCCESS AND COLLEGE READINESS PROGRAMS. (a) The agency shall:

(1) develop standards for evaluating the success and cost-effectiveness of high school completion and success and college readiness programs implemented under Section 39.114;

(2) provide guidance for school districts and campuses in establishing and improving high school completion and success and college readiness programs implemented under Section 39.114; and

(3) develop standards for selecting and methods for recognizing school districts and campuses that offer exceptional high school completion and success and college readiness programs under Section 39.114.

(b) The commissioner may adopt rules for the administration of this section.

Sec. 39.114. HIGH SCHOOL ALLOTMENT. (a) Except as provided by Subsection (b), a school district or campus must use funds allocated under Section 42.2516(b)(3) to:

(1) implement or administer a college readiness program that provides academic support and instruction to prepare underachieving students for entrance into an institution of higher education;

(2) implement or administer a program that encourages students to pursue advanced academic opportunities, including early college high school programs and dual credit, advanced placement, and international baccalaureate courses;

(3) implement or administer a program that provides opportunities for students to take academically rigorous course work, including four years of mathematics and four years of science at the high school level;

(4) implement or administer a program, including online course support and professional development, that aligns the curriculum for grades six through 12 with postsecondary curriculum and expectations; or

(5) implement or administer other high school completion and success initiatives in grades six through 12 approved by the commissioner.

(b) A school district may use funds allocated under Section 42.2516(b)(3) on any instructional program in grades six through 12 other than an athletic program if:

(1) the district is recognized as exceptional by the commissioner under the academic accountability indicator adopted under Section 39.051(b)(13); and

(2) the district's completion rates for grades nine through 12 meet or exceed completion rate standards required by the commissioner to achieve a rating of exemplary under Section 39.072.

(b-1) Subsection (b) applies beginning with the 2008–2009 school year. This subsection expires September 1, 2009.

(c) An open-enrollment charter school is entitled to an allotment under this section in the same manner as a school district.

(d) The commissioner shall adopt rules to administer this section, including rules related to the permissible use of funds allocated under this section to an open-enrollment charter school.

SECTION 5.07. Section 42.005(a), Education Code, is amended to read as follows:

(a) In this chapter, average daily attendance is:

(1) the quotient of the sum of attendance for each day of the minimum number of days of instruction as described under Section 25.081(a) divided by the minimum number of days of instruction; ~~or~~

(2) for a district that operates under a flexible year program under Section 29.0821, the quotient of the sum of attendance for each actual day of instruction as permitted by Section 29.0821(b)(1) divided by the number of actual days of instruction as permitted by Section 29.0821(b)(1); or

(3) for a district that operates under a flexible school day program under Section 29.0822, the average daily attendance as calculated by the commissioner in accordance with Section 29.0822(d).

SECTION 5.08. Subchapter C, Chapter 61, Education Code, is amended by adding Sections 61.0761, 61.0762, and 61.0763 to read as follows:

Sec. 61.0761. P-16 COLLEGE READINESS AND SUCCESS STRATEGIC ACTION PLAN. (a) The P-16 Council established under Section 61.076 shall recommend to the commissioner of education and the board a college readiness and success strategic action plan to increase student success and decrease the number of students enrolling in developmental course work in institutions of higher education. The plan must include:

(1) definitions, as determined by the P-16 Council in coordination with the State Board of Education, of the standards and expectations for college readiness that address the knowledge and skills expected of students to perform successfully in entry-level courses offered at institutions of higher education;

(2) a description of the components of a P-16 individualized graduation plan sufficient to prepare students for college success;

(3) the manner in which the Texas Education Agency should provide model curricula for use as a reference tool by school district employees;

(4) recommendations to the Texas Education Agency, the State Board of Education, and the board regarding strategies for decreasing the number of students enrolling in developmental course work at institutions of higher education;

(5) recommendations to the State Board for Educator Certification regarding changes to educator certification and professional development requirements that contribute to the ability of public school teachers to prepare students for higher education; and

(6) any other elements that the commissioner of education and the board suggest for inclusion in the plan.

(b) The commissioner of education and the board shall adopt the college readiness and success strategic action plan recommended by the P-16 Council if the commissioner of education and the board determine that the plan meets the requirements of this section.

(c) Notwithstanding any other provision of this section, the State Board of Education retains the board's authority over the required curriculum adopted under Section 28.002.

(d) Not later than December 1 of each even-numbered year, the commissioner of education and the board shall submit a report to the governor, the lieutenant governor, the speaker of the house of representatives, each member of the Legislative Budget Board, and the members of the standing committees of the senate and house of representatives with primary jurisdiction over the public school system and higher education system describing progress in implementing the college readiness and success strategic action plan.

(e) The commissioner of education and the board shall adopt rules necessary to implement this section.

Sec. 61.0762. PROGRAMS TO ENHANCE STUDENT SUCCESS. To implement the college readiness and success strategic action plan adopted under Section 61.0761 and to enhance the success of students at institutions of higher education, the board by rule shall develop:

(1) summer higher education bridge programs in the subject areas of mathematics, science, and English language arts;

(2) incentive programs for institutions of higher education that implement research-based, innovative developmental education initiatives;

(3) financial assistance programs for educationally disadvantaged students, as defined by Section 5.001, who take college entrance and college readiness assessment instruments;

(4) professional development programs for faculty of institutions of higher education on college readiness standards and the implications of such standards on instruction; and

(5) other programs as determined by the board that support the participation and success goals in "Closing the Gaps," the state's master plan for higher education.

Sec. 61.0763. COURSE REDESIGN PROJECT. (a) To improve student learning and reduce the cost of course delivery, the board, with the assistance of advisory committees and nonprofit organizations with expertise in methodologies for developing and delivering college-level courses in a cost-effective manner, shall implement a project under which institutions of higher education selected by the board will review and revise entry-level lower division academic courses. In selecting institutions of higher education to participate in the project, the board shall determine the criteria for participation and must encourage collaboration among institutions, including institutions of different types. Participating institutions of higher education shall:

(1) review and revise one or more courses from among not more than 25 entry-level lower division academic courses identified by the board;

(2) draw on established best practices regarding effective course redesign techniques;

(3) use information technology to enhance the effectiveness of revised courses; and

(4) determine whether any cost savings and increased student success result from the review and revision of courses under this section.

(b) Not later than September 1, 2006, the board shall initiate the development of the project and recruit institutions of higher education to participate in the project. Not later than September 1, 2007, each participating institution of higher education shall begin offering courses reviewed and revised by the institution under this section. Not later than September 1, 2009, each participating institution of higher education shall submit a report to the board describing the results of the project at the institution. Not later than January 1, 2011, the board shall submit a summary report describing the results of the project at participating institutions of higher education to the clerks of the standing committees of the senate and house of representatives with primary jurisdiction over the higher education system.

(c) This section expires May 1, 2011.

SECTION 5.09. Not later than January 1, 2007, the State Board of Education shall adopt rules as required by Section 28.025(b-1), Education Code, as added by this Act. The rules shall require that the curriculum requirements for the recommended and advanced high school programs under that subsection apply to students entering the ninth grade beginning with the 2007-2008 school year.

ARTICLE 6. PREKINDERGARTEN PROGRAMS

SECTION 6.01. Section 29.153, Education Code, is amended by amending Subsection (b) and adding Subsection (f) to read as follows:

(b) A child is eligible for enrollment in a prekindergarten class under this section if the child is at least three years of age and is:

(1) unable to speak and comprehend the English language;

(2) educationally disadvantaged; ~~or~~

(3) homeless, as defined by 42 U.S.C. Section 11302, regardless of the residence of the child, of either parent of the child, or of the child's guardian or other person having lawful control of the child;

(4) the child of an active duty member of the armed forces of the United States, including the state military forces or a reserve component of the armed forces, who is ordered to active duty by proper authority; or

(5) the child of a member of the armed forces of the United States, including the state military forces or a reserve component of the armed forces, who was injured or killed while serving on active duty.

(f) A child who is eligible for enrollment in a prekindergarten class under Subsection (b)(4) or (5) remains eligible for enrollment if the child's parent leaves the armed forces, or is no longer on active duty, after the child begins a prekindergarten class.

ARTICLE 7. TEXAS SCHOOL FOR THE DEAF

SECTION 7.01. Section 30.051, Education Code, is amended by amending Subsection (a) and adding Subsection (e) to read as follows:

(a) The Texas School for the Deaf is a state agency established to provide educational services to persons who are 21 years of age or younger on September 1 of any school year and who are deaf or hard of hearing and who may have one or more other disabilities. The school shall provide~~;~~

~~[(4)]~~ comprehensive educational services, on a day or residential basis, and ~~;~~

~~[(2)]~~ short-term services to allow a student to better achieve educational results from services available in the community. The school is not intended to serve:

(1) students whose needs are appropriately addressed in a home or hospital setting or a residential treatment facility; or

(2) students whose primary, ongoing needs are related to a severe or profound emotional, behavioral, or cognitive deficit; ~~and~~

~~[(3) services for any student who is deaf or hard of hearing and also has an additional disability and who requires a specialized support program but does not require a residential treatment facility].~~

(e) If a school district or another educational entity requests an assessment of a student's educational or related needs related to hearing impairment, the school may conduct an assessment and charge a reasonable fee for the assessment.

SECTION 7.02. Section 30.053(d), Education Code, is amended to read as follows:

(d) The board shall annually establish the superintendent's salary. The annual salary ~~[must be based on not more than 230 days of service and]~~ may not exceed 120 percent of the annual salary of the highest paid instructional administrator at the school.

SECTION 7.03. Section 30.055, Education Code, is amended by amending Subsection (b) and adding Subsection (g) to read as follows:

(b) The governing board of the school may enter into an employment contract with any employee who provides, or supervises any employee who provides, direct and regular educational services to students or who provides other professional, educational services. An employee employed under this subsection is not subject to Section 2252.901, Government Code. Each teacher shall be employed under a term contract as provided by Subchapter E, Chapter 21, or under a probationary contract as provided by Subchapter C, Chapter 21. An employee employed under a contract under this subsection:

(1) shall be paid in accordance with a salary structure adopted by the superintendent with the concurrence of the board that provides salaries, including assignment stipends, equal, on a daily-rate basis, to salaries, including assignment stipends, paid to employees employed in comparable positions by the Austin Independent School District;

(2) is not eligible for longevity pay under Subchapter D, Chapter 659, Government Code, and is not entitled to a paid day off from work on any national or state holiday;

(3) is eligible for sick leave accrual under the General Appropriations Act in each month in which at least one day of the month is included in the term of the employment contract and in any other month in which work is performed or paid leave is taken;

(4) may be permitted by the board to use a maximum of four days per contract term of accrued sick leave for personal reasons as designated by the board but the number of sick leave days not used for personal reasons during a contract term may not be carried forward to a subsequent contract term for use as personal leave;

(5) shall be paid the salary designated in the employment contract in 12 ~~[equal]~~ monthly installments if the employee chooses to be paid in that manner; ~~[and]~~

(6) shall work the hours established by the superintendent; and

(7) in addition to the contract salary received during the employee's first year of employment with the school and for the purpose of reducing a vacancy in a position that is difficult to fill because of the specialized nature and the limited number of qualified applicants, may be paid a salary supplement, not to exceed any salary supplement paid by the Austin Independent School District to an employee employed in a comparable position ~~[board]~~.

(g) The school may pay to a teacher or employee who provides services or supervises an employee who provides services as described by Subsection (b) and who is employed to provide short-term services under Section 30.051(a) a salary that, on a daily-rate basis, does not exceed the salary paid by the Austin Independent School District to an employee employed in a comparable position during the regular school year.

ARTICLE 8. TEXAS EDUCATION AGENCY SUNSET PROVISION

SECTION 8.01. Section 7.004, Education Code, is amended to read as follows:

Sec. 7.004. SUNSET PROVISION. The Texas Education Agency is subject to Chapter 325, Government Code (Texas Sunset Act). Unless continued in existence as provided by that chapter, the agency is abolished September 1, 2012 [2007]. In the review of the agency by the Sunset Advisory Commission, as required by this section, the sunset commission shall limit its review to the appropriateness of recommendations made by the sunset commission to the 79th Legislature. In the Sunset Advisory Commission's report to the 80th Legislature, the sunset commission may include any recommendations it considers appropriate.

ARTICLE 9. SCHOOL START DATE

SECTION 9.01. Section 7.056(e), Education Code, is amended to read as follows:

(e) Except as provided by Subsection (f), a school campus or district may not receive an exemption or waiver under this section from:

- (1) a prohibition on conduct that constitutes a criminal offense;
- (2) a requirement imposed by federal law or rule, including a requirement for special education or bilingual education programs; or
- (3) a requirement, restriction, or prohibition relating to:

(A) essential knowledge or skills under Section 28.002 or minimum graduation requirements under Section 28.025;

(B) public school accountability as provided by Subchapters B, C, D, and G, Chapter 39;

(C) extracurricular activities under Section 33.081 or participation in a University Interscholastic League area, regional, or state competition under Section 33.0812;

(D) health and safety under Chapter 38;

(E) purchasing under Subchapter B, Chapter 44;

(F) elementary school class size limits, except as provided by Section 25.112;

(G) removal of a disruptive student from the classroom under Subchapter A, Chapter 37;

(H) at-risk programs under Subchapter C, Chapter 29;

(I) prekindergarten programs under Subchapter E, Chapter 29;

(J) educator rights and benefits under Subchapters A, C, D, E, F, G, and I, Chapter 21, or under Subchapter A, Chapter 22;

(K) special education programs under Subchapter A, Chapter 29;

[or]

(L) bilingual education programs under Subchapter B, Chapter 29;

or

(M) the requirements for the first day of instruction under Section 25.0811.

SECTION 9.02. Section 25.0811(a), Education Code, is amended to read as follows:

(a) A school district may not begin instruction for students for a school year before the fourth Monday [week] in ~~[which]~~ August unless the district operates a year-round system under Section 25.084 ~~[21 falls. For purposes of this subsection, Sunday is considered the first day of the week].~~

SECTION 9.03. Sections 25.0811(b) and (c), Education Code, are repealed.

SECTION 9.04. (a) Section 25.0811, Education Code, as amended by this Act, applies beginning with the 2007–2008 school year. The first day of instruction for the 2006–2007 school year is governed by Section 25.0811, Education Code, as it existed before amendment by this Act, and the former law is continued in effect for that purpose.

(b) A waiver under Section 7.056(e), Education Code, from the requirements for the first day of instruction under Section 25.0811, Education Code, for the 2007–2008 or a subsequent school year that is granted before the effective date of this Act is void.

ARTICLE 10. HEALTH AND SAFETY

SECTION 10.01. The heading to Section 38.015, Education Code, is amended to read as follows:

Sec. 38.015. SELF-ADMINISTRATION OF PRESCRIPTION ASTHMA OR ANAPHYLAXIS MEDICINE BY STUDENTS.

SECTION 10.02. Sections 38.015(a) and (b), Education Code, are amended to read as follows:

(a) In this section:

(1) "Parent" includes a person standing in parental relation.

(2) "Self-administration of prescription asthma or anaphylaxis medicine" means a student's discretionary use of prescription asthma or anaphylaxis medicine.

(b) A student with asthma or anaphylaxis is entitled to possess and self-administer prescription asthma or anaphylaxis medicine while on school property or at a school-related event or activity if:

(1) the prescription ~~[asthma]~~ medicine has been prescribed for that student as indicated by the prescription label on the medicine;

(2) the student has demonstrated to the student's physician or other licensed health care provider and the school nurse, if available, the skill level necessary to self-administer the prescription medication, including the use of any device required to administer the medication;

(3) the self-administration is done in compliance with the prescription or written instructions from the student's physician or other licensed health care provider; and

(4) ~~(3)~~ a parent of the student provides to the school:

(A) a written authorization, signed by the parent, for the student to self-administer the prescription ~~[asthma]~~ medicine while on school property or at a school-related event or activity; and

(B) a written statement from the student's physician or other licensed health care provider, signed by the physician or provider, that states:

(i) that the student has asthma or anaphylaxis and is capable of self-administering the prescription ~~[asthma]~~ medicine;

- (ii) the name and purpose of the medicine;
- (iii) the prescribed dosage for the medicine;
- (iv) the times at which or circumstances under which the medicine may be administered; and
- (v) the period for which the medicine is prescribed.

ARTICLE 11. ELECTION PROVISIONS

SECTION 11.01. Subchapter C, Chapter 11, Education Code, is amended by adding Section 11.0581 to read as follows:

Sec. 11.0581. JOINT ELECTIONS REQUIRED. (a) An election for trustees of an independent school district shall be held on the same date as:

(1) the election for the members of the governing body of a municipality located in the school district; or

(2) the general election for state and county officers.

(b) Elections held on the same date as provided by Subsection (a) shall be held as a joint election under Chapter 271, Election Code.

(c) The voters of a joint election under this section shall be served by common polling places consistent with Section 271.003(b), Election Code.

(d) The board of trustees of an independent school district changing an election date to comply with this section shall adjust the terms of office of its members to conform to the new election date.

SECTION 11.02. Section 61.012, Election Code, is amended by adding Subsection (c) to read as follows:

(c) The requirement imposed by Subsection (a) does not apply to an election of trustees of an independent school district, other than an election of an independent school district that is held jointly with another election in which a federal office appears on the ballot, held before January 1, 2008. This subsection expires January 1, 2008.

ARTICLE 12. PERMISSIVE TRANSFER OF CERTAIN STUDENTS

SECTION 12.01. Subchapter B, Chapter 25, Education Code, is amended by adding Section 25.0343 to read as follows:

Sec. 25.0343. TRANSFER OF STUDENTS RESIDING IN HOUSEHOLD OF STUDENT RECEIVING SPECIAL EDUCATION SERVICES. (a) If, for the purpose of receiving special education services under Subchapter A, Chapter 29, a school district assigns a student to a district campus other than the campus the student would attend based on the student's residence, the district shall permit the student's parent, guardian, or other person standing in parental relation to the student to obtain a transfer to the assigned campus for any other student residing in the household of the student receiving special education services, provided that:

(1) the other student is entitled under Section 25.001 to attend school in the district; and

(2) the appropriate grade level for the other student is offered at the campus.

(b) A school district is not required to provide transportation to a student who transfers to another campus under this section. This subsection does not affect any transportation services provided by the district in accordance with other law for the student receiving special education services.

(c) Section 25.034 does not apply to a transfer under this section.

(d) This section does not apply if the student receiving special education services resides in a residential facility.

ARTICLE 13. APPROPRIATION; PUBLIC EDUCATION FUNDING FOR CERTAIN PURPOSES

SECTION 13.01. (a) There is appropriated to the Texas Education Agency for distribution to the school districts of this state in accordance with Chapters 41 and 42, Education Code, as amended by this Act, an amount not to exceed \$3,825,000,000 in fiscal year 2007 from any funds in the State Treasury not otherwise appropriated.

(b) The Texas Education Agency:

(1) shall develop a plan to expend the appropriation made under Subsection (a) of this section in accordance with this Act that includes making adjustments to strategies, methods of finance, performance measures, and riders in Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005 (the General Appropriations Act), as amended by Chapter 2, Acts of the 79th Legislature, 1st Called Session, 2005, as necessary to implement this Act; and

(2) in accordance with Section 69, Article XVI, Texas Constitution, may not expend the appropriation made under Subsection (a) of this section without the prior approval of the governor and the Legislative Budget Board.

SECTION 13.02. For the fiscal biennium ending August 31, 2007, the commissioner of education, to the extent not specifically prohibited by state or federal law, shall use federal funds, including consolidated administrative or innovative program funds, for the purposes described by Sections 1.005, 7.008, 39.034, 44.0061, and 44.007(e), Education Code, as added by this Act. To the extent federal funds are not sufficient, state funds appropriated for those purposes may be used to fund the remaining balance. If the amount of the state funds appropriated exceeds the amount needed for purposes of this section, the excess shall be returned to the general revenue fund.

SECTION 13.03. Subsection (a) of Rider 97 following the appropriations to the Texas Education Agency in Chapter 1369, Acts of the 79th Legislature, Regular Session, 2005 (the General Appropriations Act), as amended by Chapter 2, Acts of the 79th Legislature, 1st Called Session, 2005, is repealed.

SECTION 13.04. It is the intent of the legislature that the State Board of Education rescind Proclamation 2005 and forego the issuance of all proclamations of textbook purchases, including Proclamation 2006, until such time as the legislature has implemented reforms to the system by which the state and school districts procure and purchase textbooks.

ARTICLE 14. APPLICABILITY; EFFECTIVE DATE

SECTION 14.01. Except as otherwise provided by this Act, this Act applies beginning with the 2006-2007 school year.

SECTION 14.02. Except as otherwise provided by this Act, this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect on the 91st day after the last day of the legislative session, except as otherwise provided by this Act.

Senate Amendment No. 1 (Senate Floor Amendment No. 1)

Amend **CSHB 1** as follows:

(1) Strike SECTIONS 1.01 and 1.02 of the bill (page 1, line 15, through page 2, line 1) and substitute the following:

SECTION 1.01. Section 41.002, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1) and (a-2) to read as follows:

(a) A school district may not have a wealth per student that exceeds:

(1) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to a district at the 88th percentile in wealth per student, for the district's maintenance and operations tax effort equal to or less than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) the wealth per student that generates the amount of maintenance and operations tax revenue per weighted student available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, subject to Section 41.093(b-1); or

(3) \$319,500, for the district's maintenance and operations tax effort that exceeds the first six cents by which the district's maintenance and operations tax effort exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year [~~\$305,000~~].

(a-1) Subsection (a) applies beginning with the 2008-2009 school year. For the 2006-2007 and 2007-2008 school years, a school district may not have a wealth per student that exceeds the wealth per student specified by Subsection (a), except that:

(1) Subsection (a)(2) applies only to the first four cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year, subject to Section 41.093(b-1); and

(2) Subsection (a)(3) applies to the district's maintenance and operations tax effort that exceeds the first four cents by which the district's maintenance and operations tax effort exceeds the rate described by Subdivision (1).

(a-2) Subsection (a-1) and this subsection expire September 1, 2008.

SECTION 1.02. Section 41.093, Education Code, is amended by amending Subsection (a) and adding Subsections (b-1) and (b-2) to read as follows:

(a) Subject to Subsection (b-1), the [The] cost of each credit is an amount equal to the greater of:

(1) the amount of the district's maintenance and operations tax revenue per student in weighted average daily attendance for the school year for which the contract is executed; or

(2) the amount of the statewide district average of maintenance and operations tax revenue per student in weighted average daily attendance for the school year preceding the school year for which the contract is executed.

(b-1) If the guaranteed level of state and local funds per weighted student per cent of tax effort under Section 42.302(a-1)(2) for which state funds are appropriated for a school year is an amount at least equal to the amount of revenue per weighted student per cent of tax effort available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, the commissioner, in computing the amounts described by Subsections (a)(1) and (2) and determining the cost of an attendance credit, shall exclude maintenance and operations tax revenue resulting from the first six cents by which a district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year.

(b-2) Subsection (b-1) applies beginning with the 2008-2009 school year. For the 2006-2007 and 2007-2008 school years, the commissioner shall compute the amounts described by Subsections (a)(1) and (2) and determine the cost of an attendance credit as specified by Subsection (b-1), except the commissioner shall exclude maintenance and operations tax revenue resulting from the first four cents by which a district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year. This subsection expires September 1, 2008.

(2) In SECTION 1.04 of the bill, in added Section 42.2516(b)(3), Education Code (page 3, line 4), strike "\$207" and substitute "\$275".

(3) In the introductory language to SECTION 1.08 of the bill (page 5, line 53), strike "Subsections (a-1) and (f)" and substitute "Subsections (a-1), (a-2), (a-3), (a-4), and (f)".

(4) In SECTION 1.08 of the bill, strike added Section 42.302(a-1), Education Code (page 6, lines 18-40), and substitute the following:

(a-1) In this section, "wealth per student" has the meaning assigned by Section 41.001. For purposes of Subsection (a), the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is:

(1) the amount of district tax revenue per weighted student per cent of tax effort available to a district at the 88th percentile in wealth per student, as determined by the commissioner in cooperation with the Legislative Budget Board, for the district's maintenance and operations tax effort equal to or less

than the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) the amount of district tax revenue per weighted student per cent of tax effort available to the Austin Independent School District, as determined by the commissioner in cooperation with the Legislative Budget Board, for the first six cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516 and notwithstanding the limitation on district enrichment tax rate ("DTR") under Section 42.303, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year; and

(3) \$31.95, for the district's maintenance and operations tax effort that exceeds the amount of tax effort described by Subdivision (2).

(a-2) The limitation on district enrichment tax rate ("DTR") under Section 42.303 does not apply to the district's maintenance and operations tax effort described by Subsection (a-1)(2).

(a-3) Subsection (a-1) applies beginning with the 2008-2009 school year. For the 2006-2007 and 2007-2008 school years, the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort ("GL") for a school district is the level specified by Subsection (a-1), except that:

(1) Subsection (a-1)(2) applies only to the first four cents by which the district's maintenance and operations tax rate exceeds the rate equal to the product of the state compression percentage, as determined under Section 42.2516, multiplied by the maintenance and operations tax rate adopted by the district for the 2005 tax year;

(2) Subsection (a-1)(3) applies to the district's maintenance and operations tax effort that exceeds the rate described by Subdivision (1); and

(3) the limitation on district enrichment tax rate ("DTR") under Section 42.303 does not apply to the district's maintenance and operations tax effort described by Subdivision (1).

(a-4) Subsection (a-3) and this subsection expire September 1, 2009.

Senate Amendment No. 2 (Senate Floor Amendment No. 3)

Amend **CSHB 1** as follows:

(1) In Section 1.04 of the bill, strike added Section 42.2516(c)(2), Education Code (page 3, lines 12-20), and substitute the following:

(2) for a school district that received additional revenue for the 2005-2006 school year as a result of an agreement under Subchapter E, Chapter 41:

(A) if the amount of state revenue to which the district is entitled under Subsection (b) is computed based on the amount described by Subsection (b)(1)(A), the amount of that additional revenue retained by the district for the 2005-2006 school year, which is the amount by which the total maintenance and operations revenue available to the district for that school year exceeded the total maintenance and operations revenue that would have been available to the district for that school year if the district had not entered into the agreement, less any amount the district paid to another entity under the agreement; or

(B) if the amount of state revenue to which the district is entitled under Subsection (b) is computed based on the amount described by Subsection (b)(1)(B) or (C), the amount of the additional revenue that would have been retained by the district for the 2006-2007 school year if the district had entered into the agreement on the same terms as under the agreement for the 2005-2006 school year, which is the amount by which the total maintenance and operations revenue that would have been available to the district for the 2006-2007 school year if the district had entered into the agreement exceeds the total maintenance and operations revenue that would have been available to the district for that school year if the district had not entered into the agreement and had imposed a maintenance and operations tax at the rate of \$1.50 on the \$100 valuation of taxable property, less any amount the district would have paid to another entity under the agreement;

(2) In Section 1.04 of the bill, strike added Section 42.2516(d), Education Code (page 3, lines 27-37) and substitute the following:

(d) If, for the 2006-2007 or a subsequent school year, a school district enters into an agreement under Subchapter E, Chapter 41, the commissioner shall reduce the amount of state revenue to which the district is entitled under Subsection (b) for that school year by an amount equal to any additional revenue for that school year that the district receives and retains as a result of that agreement, which is the amount by which the total maintenance and operations revenue available to the district exceeds the total maintenance and operations revenue that would have been available to the district if the district had not entered into the agreement and had imposed a maintenance and operations tax at the maximum rate permitted under Section 45.003(d), less any amount the district pays to another entity under the agreement.

(3) Immediately following Section 1.20 of the bill (page 14, between lines 50 and 51), insert the following new section, appropriately numbered:

SECTION 1. _____. (a) This section applies only to one of the following entities that, for the 2005-2006 school year, received funding as a result of an agreement between school districts under Subchapter E, Chapter 41, Education Code:

(1) a juvenile justice alternative education program; or

(2) a group of school districts formed to provide technology services to member districts, with or without regional education service center assistance.

(b) To be entitled to state aid under this section, a juvenile justice alternative education program or a group of school districts described by Subsection (a)(2) of this section that received funds under an agreement under Subchapter E, Chapter 41, Education Code, for the 2005-2006 school year must attempt to enter into a similar agreement for the 2006-2007 school year with each school district that participated in an agreement for the 2005-2006 school year with the program or group.

(c) For the 2006-2007 school year, a juvenile justice alternative education program or a group of school districts described by Subsection (a)(2) of this section is entitled to state aid under this section in an amount equal to the difference between:

(1) the funding the program or group received as a result of all agreements between school districts under Subchapter E, Chapter 41, Education Code, for the 2005-2006 school year; and

(2) the funding the program or group receives as a result of all agreements between school districts under Subchapter E, Chapter 41, Education Code, for the 2006-2007 school year.

(d) The commissioner of education shall:

(1) determine the amount of state aid to which a juvenile justice alternative education program or a group of school districts described by Subsection (a)(2) of this section is entitled under this section; and

(2) distribute the aid in 10 equal monthly installments beginning with September 2006 and ending with June 2007.

(e) The commissioner of education shall adopt rules to implement this section.

(f) A determination of the commissioner of education under this section is final and may not be appealed.

Senate Amendment No. 3 (Senate Floor Amendment No. 4)

Amend **CSHB 1** in SECTION 1.14 of the bill, in amended Section 26.08, Tax Code, by striking proposed Subsection (n)(2)(A)(iii) of that section (Senate committee printing, page 8, lines 57 through 61) and substituting the following:

(iii) the rate that is equal to the sum of the differences for the 2006 and each subsequent tax year between the adopted tax rate of the district for that year if the rate was approved at an election under this section and the rollback tax rate of the district for that year; and

Senate Amendment No. 4 (Senate Floor Amendment No. 5)

Amend **CSHB 1** (Senate committee printing) as follows:

(1) In SECTION 1.14 of the bill, strike added Section 26.08(p), Tax Code (page 9, lines 5-22), and substitute the following:

(p) Notwithstanding Subsection (b) of this section, Section 41.001, Election Code, or any other law, an election held under this section to approve the adopted tax rate for the 2006 tax year must be ordered not later than August 31, 2006, and must be held on September 30, 2006. If the election is not held on that date, the governing body of the school district may not adopt a tax rate for the 2006 tax year that exceeds the school district's rollback tax rate. The secretary of state shall prescribe the procedures necessary to implement this subsection and to ensure the proper and orderly conduct of the elections. The secretary of state shall adopt rules under this subsection in the manner provided by law for emergency rules. Any action taken by a person before the date this subsection takes effect in preparation for the implementation of the changes in law made by this subsection that the person determines is necessary or appropriate and that the person would have been authorized to take had this subsection been in effect at the time of the action is validated as of the effective date of this subsection. This subsection expires January 1, 2007.

Senate Amendment No. 5 (Senate Floor Amendment No. 6)

Amend **CSHB 1** by adding the following appropriately-numbered new SECTION to read as follows:

SECTION __. To the extent necessary to implement this Act, the Commissioner of Education may treat a reference to a tax rate of \$1.50 in Chapters 41 or 42, or in a rule implementing those chapters, as those chapters or rules existed on May 1, 2006, as a different tax rate consistent with the effect of reducing school district tax rates to the state compression percentage rate.

Senate Amendment No. 6 (Senate Floor Amendment No. 7)

Amend **CSHB 1** in SECTION 3.17 of the bill, in added Section 39.1327(b), Education Code (page 29, line 60), between "section" and the period, by inserting the following:

or may appoint to assume management of a campus subject to this section a school district other than the district in which the campus is located that is located in the boundaries of the same regional education service center as the campus is located. A district appointed under this section shall assume management of a campus subject to this section in the same manner provided by this section for a qualified nonprofit entity or in accordance with commissioner rule

Senate Amendment No. 7 (Senate Floor Amendment No. 8)

Amend **CSHB 1** on page 35 by deleting lines 21-23.

Senate Amendment No. 8 (Senate Floor Amendment No. 9)

Amend **CSHB 1** (Senate committee printing) in SECTION 4.08 of the bill, in added Section 21.655(b), Education Code (page 37, line 61), by striking "\$98 million" and substituting "\$100 million".

Senate Amendment No. 9 (Senate Floor Amendment No. 10)

Amend **CSHB 1** in SECTION 5.01 of the bill, in added Section 28.008, Education Code (page 45, between lines 20 and 21), by inserting a new Subsection (e) to read as follows and relettering subsequent subsections of that section accordingly:

(e) Notwithstanding any other provision of this section, the State Board of Education retains its authority under Section 28.002 concerning the required curriculum.

Senate Amendment No. 10 (Senate Floor Amendment No. 12)

Amend **CSHB 1** (Senate committee report) as follows:

(1) In SECTION 4.02 of the bill, in added Section 12.133(b-1), Education Code (page 33, line 49), strike "For the 2006-2007 school year, using" and substitute "Using".

(2) In SECTION 4.02 of the bill, in added Section 12.133(d-1), Education Code (page 34, line 15), strike "For the 2006-2007 school year, in" and substitute "In".

(3) In SECTION 4.02 of the bill, strike added Section 12.133(e-1), Education Code (page 34, lines 36-37).

(4) In SECTION 4.09 of the bill, in added Section 22.107(a), Education Code (page 43, lines 5-6), strike "For the 2006-2007 school year, a" and substitute "A".

(5) In SECTION 4.09 of the bill, in added Section 22.107(b), Education Code (page 43, line 10), strike "For the 2006-2007 school year, a" and substitute "A".

(6) In SECTION 4.09 of the bill, strike added Section 22.107(e), Education Code (page 43, line 19).

(7) In SECTION 4.10 of the bill, in added Section 42.2513(a), Education Code (page 43, line 23), strike "For the 2006-2007 school year, a" and substitute "A".

(8) In SECTION 4.09 of the bill, strike added Section 42.2513(b), Education Code (page 43, line 33).

Senate Amendment No. 11 (Senate Floor Amendment No. 15)

Amend **CSHB 1** (Senate committee report) by striking SECTION 13.04 of the bill (page 54, lines 40-45) and substituting the following:

SECTION 13.04 The legislature will implement reforms to the system by which the state and school districts procure and purchase textbooks. The State Board of Education should forego the issuance of proclamations on and after the effective date of this Act. Reforms to the existing system may include changes in the manner in which funding for instructional materials is provided and such changes may affect materials called for in Proclamation 2005.

Senate Amendment No. 12 (Senate Floor Amendment No. 16)

Amend **CSHB 1** by adding the following appropriately numbered article to the bill and renumbering subsequent articles accordingly:

ARTICLE ____ . COMPUTERS AND COMPUTER-RELATED EQUIPMENT

SECTION ____ . Section 32.153(a), Education Code, as added by Chapter 834, Acts of the 78th Legislature, Regular Session, 2003, is amended to read as follows:

(a) To implement the pilot project, the agency may use any gift, grant, or donation given for the pilot project. The agency may solicit and accept a gift, grant, or donation of any kind from any source, including from a foundation, private entity, governmental entity, and institution of higher education, for the implementation of the pilot project. The agency may ~~[not]~~ use only undedicated and unobligated money from the general revenue fund for purposes of the pilot project.

SECTION ____ . Section 32.157, Education Code, as added by Chapter 834, Acts of the 78th Legislature, Regular Session, 2003, is amended to read as follows:

Sec. 32.157. PILOT PROJECT EVALUATION; EXPIRATION. (a) After the expiration of the ~~[three-year]~~ pilot project, the agency may review the pilot project based on the annual reports the agency receives from the board of trustees of participating school districts. The agency may include the review of the pilot project in the comprehensive annual report required under Section 39.182 that covers the 2010-2011 ~~[2006-2007]~~ school year.

(b) This subchapter expires August 31, 2011 ~~[2007]~~.

SECTION _____. Section 32.153(d), Education Code, as added by Chapter 834, Acts of the 78th Legislature, Regular Session, 2003, is repealed.

Senate Amendment No. 13 (Senate Floor Amendment No. 17)

Amend **CSHB 1** (Senate committee printing) as follows:

On page 8, strike lines 63 through 66 and substitute the following:

(B) the sum of the following:

(i) the effective maintenance and operations tax rate of the district as computed under Subsection (i) or (k), as applicable;

(ii) the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$0.06; and

(iii) the district's current debt rate.

Senate Amendment No. 14 (Senate Floor Amendment No. 18)

Amend **CSHB 1** (Senate committee report) as follows:

(1) In ARTICLE 3 of the bill (page 21, between lines 12 and 13), add the following appropriately numbered sections and renumber subsequent sections accordingly:

SECTION 3.____. Section 29.056(g), Education Code, is amended to read as follows:

(g) A district may transfer a student of limited English proficiency out of a bilingual education or special language program for the first time or a subsequent time if the student is able to participate equally in a regular all-English instructional program as determined by:

(1) agency-approved tests administered at the end of each school year to determine the extent to which the student has developed oral and written language proficiency and specific language skills in ~~[both the student's primary language and]~~ English;

(2) satisfactory performance on the reading assessment instrument under Section 39.023(a) or an English language arts assessment instrument under Section 39.023(c), as applicable, with the assessment instrument administered in English, or, if the student is enrolled in the first or second grade, an achievement score at or above the 40th percentile in the reading and language arts sections of an English standardized test approved by the agency; and

(3) agency-approved ~~[other indications of a student's overall progress, including]~~ criterion-referenced tests and the results of a ~~[test scores,]~~ subjective teacher evaluation~~[-, and parental evaluation]~~.

SECTION 3.____. Subchapter B, Chapter 29, Education Code, is amended by adding Section 29.0561 to read as follows:

Sec. 29.0561. EVALUATION OF TRANSFERRED STUDENTS; REENROLLMENT. (a) The language proficiency assessment committee shall reevaluate a student who is transferred out of a bilingual education or special language program under Section 29.056(g) if the student earns a failing grade in a subject in the foundation curriculum under Section 28.002(a)(1) during any

grading period in the first two school years after the student is transferred to determine whether the student should be reenrolled in a bilingual education or special language program.

(b) During the first two school years after a student is transferred out of a bilingual education or special language program under Section 29.056(g), the language proficiency assessment committee shall review the student's performance and consider:

(1) the total amount of time the student was enrolled in a bilingual education or special language program;

(2) the student's grades each grading period in each subject in the foundation curriculum under Section 28.002(a)(1);

(3) the student's performance on each assessment instrument administered under Section 39.023(a) or (c);

(4) the number of credits the student has earned toward high school graduation, if applicable; and

(5) any disciplinary actions taken against the student under Subchapter A, Chapter 37.

(c) After an evaluation under this section, the language proficiency assessment committee may require intensive instruction for the student or reenroll the student in a bilingual education or special language program.

(2) In SECTION 3.07 of the bill, in added Section 39.034, Education Code (page 21, between lines 32 and 33), insert a new Subsection (b) to read as follows and reletter subsequent subsections accordingly:

(b) For students of limited English proficiency, as defined by Section 29.052, the agency shall use a student's performance data on reading proficiency assessment instruments in English and one other language to calculate the student's progress toward dual language proficiency.

(3) In SECTION 3.07 of the bill, in added Section 39.034(e), Education Code (page 21, line 55), strike "(d)" and substitute "(e)".

(4) In SECTION 3.08 of the bill, in amended Section 39.051(b)(12), Education Code (page 22, line 51), strike "and".

(5) In SECTION 3.08 of the bill, in amended Section 39.051(b), Education Code, (page 22, line 53), between "success" and the period, insert the following: ; and

(14) the measure of progress toward dual language proficiency under Section 39.034(b), for students of limited English proficiency, as defined by Section 29.052

(6) In SECTION 3.21(a) of the bill (page 32, line 16), between "concerning" and "the" insert the following:

:

(1)

(7) In SECTION 3.21(a) of the bill (page 32, line 19), between "Act" and the period insert the following: ; and

(2) the measure of progress toward dual language proficiency for purposes of Section 39.051(b)(14), Education Code, as added by this Act

(8) In SECTION 3.21(b) of the bill (page 32, line 23), strike "Code," and substitute the following:

Code:

(1)

(9) In SECTION 3.21(b) of the bill (page 32, line 25), between "Act" and the period insert the following:

; and

(2) the measure of progress toward dual language proficiency under Section 39.051(b)(14), Education Code, as added by this Act

(10) In SECTION 3.21 of the bill (page 32, between lines 25 and 26), insert the following:

(c) The Texas Education Agency may implement Subsection (b)(2) of this section only if, during the most recent school year, school districts are entitled to an allotment for each student in average daily attendance in a bilingual education or special language program under Subchapter B, Chapter 29, Education Code, that exceeds the amount of that allotment for the 2005-2006 school year.

(11) In ARTICLE 3 of the bill (page 32, between lines 57 and 58) insert the following:

SECTION 3.22. Nothing in this Act shall be construed to require development of additional state assessments, nor to require a student in a dual language program to be assessed in more than one language on any individual assessment. The commissioner of education may adopt rules, consistent with Subchapter B, Chapter 29, Education Code, for determining the appropriate assessment of dual language students.

HCR 48 - ADOPTED

(by Chisum)

The following privileged resolution was laid before the house:

HCR 48

WHEREAS, **HB 1** has been adopted by the house of representatives and the senate and is being prepared for enrollment; and

WHEREAS, The bill contains technical and typographical errors that should be corrected; now, therefore, be it

RESOLVED by the 79th Legislature of the State of Texas, That the enrolling clerk of the house of representatives be instructed to correct **HB 1** as follows:

(1) In Section 26.08(n)(2)(B)(ii), Tax Code, as added by Senate Floor Amendment No. 17 by Ogden, strike "the product of the state compression percentage, as determined under Section 42.2516, multiplied by" and substitute "the rate per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 42.2516, Education Code, for the current year and" to clarify a mathematical formula set out in the bill.

(2) In the introductory language to SECTION 4.05 of the senate committee substitute, amending Section 21.402, Education Code, strike "Subsections (a-1), (c-1), and (c-2)" and substitute "Subsections (c-1) and (c-2)" to conform to the deletion of Subsection (a-1) by Senate Floor Amendment No. 8 by Duncan.

(3) In SECTION 4.05 of the senate committee substitute, in amended Section 21.402(a), Education Code, in the first line of Subsection (a), strike "(a-1)." to conform to the deletion of Subsection (a-1) by Senate Floor Amendment No. 8 by Duncan.

(4) In SECTION 4.10 of the senate committee substitute, adding Section 42.2513, Education Code, reletter Subsections (c) and (d) as Subsections (b) and (c), respectively, to conform to the deletion of Subsection (b) by Item (8) of Senate Floor Amendment No. 12 by Zaffirini.

(5) Strike SECTION 4.12 of the senate committee substitute, referring to the applicability of Section 21.402(a-1), Education Code, to conform to the deletion of Subsection (a-1) by Senate Floor Amendment No. 8 by Duncan.

(6) In the section of the bill added by Senate Floor Amendment No. 6 by Shapiro, strike the reference to "Chapters 41 or 42" and substitute "Chapter 41 or 42, Education Code," to clarify the reference.

HCR 48 was adopted.

(P. King in the chair)

RESOLUTIONS ADOPTED

Representative Edwards moved to suspend all necessary rules in order to take up and consider at this time **HCR 42, HR 152 - HR 154, HR 167, HR 415, HR 446, HR 603, HR 617 - HR 624, HR 651, HR 653, and HR 655.**

The motion prevailed.

The following resolutions were laid before the house:

HCR 42 (by C. N. Isett), Congratulating Visit Lubbock on its receipt of the Texas Travel Industry Association's Excellence in Photography Award for Tourism.

HR 152 (by Branch), Honoring the tennis team of Highland Park High School in Dallas on winning the UIL Class 4A State Championship for team tennis.

HR 153 (by Branch), Honoring the football team of Highland Park High School in Dallas on winning the UIL Class 4A State Championship.

HR 154 (by Branch), Honoring the girls' swimming and diving team of Highland Park High School in Dallas on winning the UIL Class 4A State Championship.

HR 167 (by Branch), Honoring the wrestling team of Highland Park High School in Dallas for winning the UIL Tournament State Championship and the THSWCA State Dual Tournament Championship.

HR 415 (by Flores), Honoring Sharyland Utilities for its efforts to provide commercial trade of electricity between the U.S. and Mexico.

HR 446 (by Hopson), Honoring Dino Sebastian Hunter on the occasion of his first visit to Austin and the State Capitol of Texas.

HR 603 (by Morrison), Honoring Judge Lloyd Rust, Jr., on his service as a trustee of the Johnson Foundation and on a lifetime of professional accomplishments and civic contributions.

HR 617 (by Hopson), Honoring Paul Moore on the occasion of his retirement as superintendent of the Mount Enterprise Independent School District.

HR 618 (by Keel), Congratulating the Bowie High School boys' varsity lacrosse team on winning the Central District Division II championship title.

HR 619 (by Peña), Honoring Minerva Gomez of Edinburg for her 45 years of service in the teaching profession.

HR 620 (by Zedler), Honoring the Burleson Area Chamber of Commerce on its 40th anniversary.

HR 621 (by Delisi), Honoring Mayor Dwayne Digby of Belton for his outstanding public service.

HR 622 (by Delisi), Honoring Mayor Maureen Jouett for her service to the citizens of Killeen.

HR 623 (by Delisi), Congratulating Bob McQueen on his induction into the Texas High School Football Hall of Fame.

HR 624 (by Herrero), Congratulating the 2006 Coastal Bend Science Fair winners.

HR 651 (by Puente), Honoring James M. Mayor for his service to the San Antonio Water System Board.

HR 653 (by Naishtat), Recognizing Sam Naishtat on his graduation from McCallum High School.

HR 655 (by Dutton), Honoring the Ella Bouldin Women's Missionary Society's 5th Annual Three Score and Ten Senior Recognition Program in June 2006.

The resolutions were adopted.

RESOLUTIONS ADOPTED

Representative Edwards moved to suspend all necessary rules in order to take up and consider at this time **HR 656**.

The motion prevailed.

The following resolutions were laid before the house:

HR 656 (by Hunter), In memory of J. D. Litton of Waco.

The resolutions were unanimously adopted by a rising vote.

(Deshotel in the chair)

HCR 47 - ADOPTED
(by Pitts)

Representative Pitts moved to suspend all necessary rules to take up and consider at this time **HCR 47**.

The motion prevailed.

The following resolution was laid before the house:

HCR 47, Congratulating the 2006 State Champion Waxahachie High School Lady Indian basketball team.

HCR 47 was adopted.

HR 228 - READ
(by Veasey)

The chair laid out and had read the following previously adopted resolution:

HR 228, Honoring Pastor Elbert Lee Bowman and Annette Ray Bowman of Fort Worth on their 50th wedding anniversary.

(Edwards in the chair)

CONGRATULATORY AND MEMORIAL CALENDAR

The following congratulatory resolutions were laid before the house:

HCR 38 (by P. King), Honoring David Barton on his outstanding tenure as vice chair of the Republican Party of Texas.

HR 333 (by Nixon), Honoring Allyson Nixon of Houston for her dedication to her family and to the State of Texas.

HR 397 (by Nixon), Congratulating Stewart Allan Nixon of Houston on his graduation from Strake Jesuit College Preparatory.

HR 401 (by B. Cook), Honoring Orrin and Ruby Shaid of Palestine on their 69th wedding anniversary.

HR 406 (by Martinez), Congratulating J. D. Solis on his retirement from the U.S. Border Patrol in April 2006.

HR 409 (by Hegar), Honoring the 130th anniversary of Prairie View A&M University.

HR 411 (by Nixon), Honoring Matthew Joseph Nixon of Houston for his achievements.

HR 412 (by Nixon), Honoring Nicholas Lowery Nixon of Houston for his achievements.

HR 416 (by Giddings), Congratulating the Dallas South Oak Cliff High School boys' basketball team on winning the 2006 4A state championship.

HR 429 (by Dunnam), Commemorating the 100th anniversary of Texas First State Bank of Riesel.

HR 440 was previously adopted.

HR 446 was previously adopted.

HR 447 (by Goolsby), Honoring Anne Foster for her many contributions to education and to the Richardson community.

HR 450 (by Van Arsdale), Honoring Cliff Gustafson on his induction into the inaugural class of the College Baseball Hall of Fame.

HR 451 (by Van Arsdale), Congratulating Brooks Kieschnick on being inducted into the new College Baseball Hall of Fame in Lubbock.

HR 452 (by Delisi), Congratulating Michala and David Denton of Pearland on the birth of their son, John Miller Denton.

HR 453 (by Peña), Honoring Michelle Galindo Cruz and John Kenneth Arnold of Austin on their upcoming wedding.

HR 455 (by Hughes), Honoring Clarice Evans of Mineola on her 90th birthday.

HR 457 (by B. Keffer), Honoring Alexandra L. Streng of Dallas on her 80th birthday.

HR 462 (by Phillips), Honoring Mayor Bill Lindsay on his service to the citizens of Denison.

HR 464 (by Gonzales), Honoring Victor Alvarez of McAllen for bringing enthusiasm and compassion to all his many endeavors.

HR 465 (by T. Smith), Honoring the community of Streetman on its 100th anniversary.

HR 466 was previously adopted.

HR 467 was withdrawn.

HR 468 (by Nixon), Honoring Hershell H. Nixon of Houston for his achievements as a geologist and author.

HR 469 (by Nixon), Honoring Houston City Council member Mark Ellis for his three-term tenure as a member of the Houston City Council.

HR 470 (by Castro), Congratulating Sonia Alaniz on being named an Edgewood ISD 2005 Teacher of the Year.

HR 472 (by Castro), Congratulating Arnulfo Vasquez on being named an Edgewood ISD 2005 Teacher of the Year.

HR 473 (by Castro), Congratulating Jo Ann Cubillos on being named an Edgewood ISD 2005 Teacher of the Year.

HR 474 (by Castro), Congratulating Martha Sosa on being named an Edgewood ISD 2005 Teacher of the Year.

HR 479 (by A. Allen, et al.), Congratulating Henry and Bennie Dugat on their 46th wedding anniversary.

HR 480 (by B. Cook), Congratulating Mark Hickey on his graduation from Texas A&M University.

HR 481 (by Gallego), Honoring Eleanor A. Wilson on her retirement as the director of Library Collection Development in the Bryan Wildenthal Memorial Library at Sul Ross State University.

HR 482 (by Gallego), Honoring Karen Boyd of Alpine on her retirement from Sul Ross State University.

HR 484 (by Gallego), Honoring Jesus G. "Chuy" Armendariz of Alpine on his retirement from Sul Ross State University.

HR 485 (by Gallego), Honoring Esequiel Bermudez on the occasion of his retirement from Sul Ross State University.

HR 486 (by Gallego), Congratulating Michael Christopher Riemann of Del Rio, two-time state champion in power lifting.

HR 487 (by Gallego), Congratulating Dr. T. Rex Wilson of Alpine on his retirement as assistant professor of music at Sul Ross State University.

HR 488 (by Eiland), Congratulating Carter Randall Ware of Galveston on becoming an Eagle Scout.

HR 489 (by Eiland), Commemorating the 10th Annual World Championship Wild Game and BBQ Cook-off being held in Galveston on May 12 and 13, 2006.

HR 490 (by Eiland), Congratulating Lane Tiernan Ware of Galveston on becoming an Eagle Scout.

HR 491 (by Taylor), Honoring Ronald E. Cox for his outstanding service as city manager of Friendswood and wishing him well in his new career.

HR 493 (by Delisi), Honoring Roy and Martha Gill of Troy on their 50th wedding anniversary.

HR 494 (by Delisi), Honoring Marion and Margie Loving of Temple on their 60th wedding anniversary.

HR 496 (by Delisi), Congratulating David Woodberry on being named Staff Member of the Year by Communities In Schools of Texas.

HR 497 (by Delisi), Congratulating Wallace and Martha Bartek of Belton on their 50th wedding anniversary.

HR 498 (by Delisi), Honoring Felipe and Corina Martinez of Temple on the occasion of their 50th wedding anniversary.

HR 501 (by Hilderbran), Commemorating the sesquicentennial of San Saba County.

HR 503 (by Madden and McCall), Congratulating the Plano Senior High School Academic Decathlon team on winning the 2006 state championship.

HR 504 (by Madden and McCall), Congratulating the Plano Senior High School Wildcats boys' basketball team for winning the state 5A championship title.

HR 506 (by Bailey), Honoring Walter Hinojosa for his achievements and service to the labor movement.

HR 510 (by Flynn), Honoring Jimmy M. Ross on his installation as president of The International Association of Lions Clubs.

HR 512 (by Peña), Commemorating the groundbreaking of the new Edwards Abstract and Title Company in Edinburg.

HR 513 (by Peña), Honoring Suzanne Mereille Palacios of Edinburg on her many achievements.

HR 514 (by Peña), Honoring Ricardo and Roberto Vergara of Edinburg for their achievements in racewalking.

HR 516 (by Escobar), Honoring Judge Agapito Molina, Jr., of Jim Hogg County on his retirement as county judge.

HR 517 (by Escobar), Congratulating Judge Joe B. Garcia of Falfurrias on his retirement as constitutional court judge of Brooks County.

HR 518 (by Gonzalez Toureilles), Honoring U.S. Marine Lance Corporal Miguel Valdez III of Alice for his service in Iraq.

HR 524 (by Geren), Commending Tom Jones, executive director of the Independent Electrical Contractors Fort Worth/Tarrant County Chapter, on his professional and civic contributions.

HR 525 (by Hughes), Honoring Ned C. Muse on the occasion of his retirement as city manager of Pittsburg in 2006.

HR 526 (by Gallego), Honoring Guadalupe Vargas for his artistic contributions to Del Rio.

HR 527 (by Gallego), Congratulating Tom Schliesing of Uvalde on the occasion of his retirement from Southwest Texas Junior College.

HR 528 (by Gallego), Congratulating Roy Angermiller of Knippa on the occasion of his retirement from Southwest Texas Junior College.

HR 533 (by Castro), Congratulating Esmeralda Perez for being named an Edgewood ISD 2005 Teacher of the Year.

HR 534 (by Castro), Congratulating Isela Flores for being named an Edgewood ISD 2005 Teacher of the Year.

HR 535 (by Castro), Congratulating Dora Pedraza for being named an Edgewood ISD 2005 Teacher of the Year.

HR 536 (by Castro), Congratulating JoAnn Parra for being named an Edgewood ISD 2005 Teacher of the Year.

HR 537 (by Castro), Congratulating Denise Ausbury for being named an Edgewood ISD 2005 Teacher of the Year.

HR 538 (by Castro), Congratulating Elsa Galindo for being named an Edgewood ISD 2005 Teacher of the Year.

HR 540 (by Castro), Congratulating Vicky Zeithammel for being named an Edgewood ISD 2005 Teacher of the Year.

HR 541 (by Castro), Congratulating Veronica Jaime for being named an Edgewood ISD 2005 Teacher of the Year.

HR 542 (by Castro), Congratulating Tracy Shingler for being named an Edgewood ISD 2005 Teacher of the Year.

HR 543 (by Castro), Congratulating Patricia Mendoza for being named an Edgewood ISD 2005 Teacher of the Year.

HR 544 (by Castro), Congratulating Hugo Hernandez for being named an Edgewood ISD 2005 Teacher of the Year.

HR 545 (by Castro), Congratulating Lisa Rendon for being named an Edgewood ISD 2005 Teacher of the Year.

HR 546 (by Castro), Congratulating Elizabeth Anzaldua for being named an Edgewood ISD 2005 Teacher of the Year.

HR 547 (by Castro), Congratulating Melissa Olivarez for being named an Edgewood ISD 2005 Teacher of the Year.

HR 548 (by Castro), Congratulating Richard E. Vasquez for being named an Edgewood ISD 2005 Teacher of the Year.

HR 549 (by Castro), Congratulating Teresa R. Gatell for being named an Edgewood ISD 2005 Teacher of the Year.

HR 550 (by Castro), Congratulating Henry Johnson for being named an Edgewood ISD 2005 Teacher of the Year.

HR 551 (by Castro), Congratulating Kathy Braune for being named an Edgewood ISD 2005 Teacher of the Year.

HR 552 (by Castro), Congratulating Annetta Keedy for being named an Edgewood ISD 2005 Teacher of the Year.

HR 553 (by Castro), Congratulating Kathleen Reid for being named an Edgewood ISD 2005 Teacher of the Year.

HR 554 (by Castro), Congratulating Stephanie Brown of McCollum High School in the Harlandale ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 555 (by Castro), Honoring Girl Scout Gold Award recipients Katharine White, Lauren Worthy, Jennifer Conklin, and Lora Grotte.

HR 556 (by Castro), Congratulating Beverly Burton of Woodridge Elementary School in the Alamo Heights ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 557 (by Castro), Congratulating Ruth Butler of The Winston School in San Antonio on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 558 (by Castro), Congratulating Philip R. Carney of The Academy of Creative Education in the North East ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 559 (by Castro), Congratulating David Anthony Garcia of Lackland Elementary School in the Lackland ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 560 (by Castro), Congratulating Debbie Geng of Goodwin Primary School in the Comal ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 561 (by Castro), Congratulating Lisa Gillaspia of Leon Springs Elementary School in the Northside ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 562 (by Castro), Congratulating Tess Gooden of Randolph Elementary School in the Randolph Field ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 563 (by Castro), Congratulating Arazeli Granados of Big Country Elementary School in the Southwest ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 564 (by Castro), Congratulating Juan Elias of Dwight Middle School in the South San Antonio ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 565 (by Castro), Congratulating Maria Graciela Jimenez of Woodlake Hills Middle School in the Judson ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 566 (by Castro), Congratulating Cynthia Kautz of Fort Sam Houston Elementary School in the Fort Sam Houston ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 567 (by Castro), Congratulating Constance Petruskevich of Somerset High School in the Somerset ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 568 (by Castro), Congratulating German Polanco of Losoya Intermediate School in the Southside ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 569 (by Castro), Congratulating Rhonda Pratkanis of Fabra Elementary School in the Boerne ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 570 (by Castro), Congratulating Joseph Pusateri of Samuel Clemens High School in the Schertz-Cibolo-Universal City ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 571 (by Castro), Congratulating Kathleen A. Reid of Memorial High School in the Edgewood ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 572 (by Castro), Congratulating Barbara Schulze of Pleasanton Elementary School in the Pleasanton ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 573 (by Castro), Congratulating Wendy Lynn Trent of East Central Heritage Middle School in the East Central ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 574 (by Castro), Congratulating Valerie Zakrzewski of Maverick Elementary School in the San Antonio ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

HR 575 (by Castro), Congratulating Clay Zientek of New Braunfels Middle School in the New Braunfels ISD on being selected as a finalist for the 2006 Trinity Prize for Excellence in Teaching by Trinity University.

The resolutions were adopted.

HR 168 - MOTION TO ADD NAMES

On motion of Representative R. Noriega, the names of all the members of the house were added to **HR 168** as signers thereof.

HR 602 - ADOPTED (by Goodman)

Representative Goodman moved to suspend all necessary rules to take up and consider at this time **HR 602**.

The motion prevailed.

The following resolution was laid before the house:

HR 602, Congratulating Coach Jim Hayes and the Movin' Mavs of The University of Texas at Arlington on winning the 2006 National Intercollegiate Wheelchair Basketball Tournament.

HR 602 was read and was adopted.

HR 648 - ADOPTED (by Hilderbran)

Representative Hilderbran moved to suspend all necessary rules to take up and consider at this time **HR 648**.

The motion prevailed.

The following resolution was laid before the house:

HR 648, In memory of David Dozier II of Kerrville.

HR 648 was unanimously adopted by a rising vote.

HR 649 - ADOPTED
(by Hilderbran)

Representative Hilderbran moved to suspend all necessary rules to take up and consider at this time **HR 649**.

The motion prevailed.

The following resolution was laid before the house:

HR 649, Commending Kerr County civic volunteers for their successful sesquicentennial celebration.

HR 649 was adopted.

CONGRATULATORY AND MEMORIAL CALENDAR
(consideration continued)

The following memorial resolutions were laid before the house:

HR 448 (by Dunnam and J. Jones), In memory of Ethel Lamone Hamilton King of Waco.

HR 458 (by McCall), In memory of W. G. "Buddy" Ragley of Plano.

HR 459 (by McCall), In memory of Jacqueline Schnittker of Plano.

HR 463 (by Phillips), In memory of Malcolm "Mutt" Lacy of Sherman.

HR 471 (by Castro), In memory of Bennye Carol Frazier of San Antonio.

HR 478 (by Hopson), In memory of Brady Eugene Brooks of Jacksonville.

HR 483 (by Gallego), In memory of Ella Rae Jackowski.

HR 495 (by Delisi), In memory of Durell D. "Doody" Ward of Rogers.

HR 499 (by Hilderbran), In memory of Tommie Gipson North of San Angelo.

HR 500 (by Hilderbran), In memory of William "Bill" Milton Condra of Kerrville.

HR 531 (by J. Jones), In memory of David Michael Massie of Seagoville.

HR 539 (by Anderson), In memory of Allison Ann Bucy.

Representative Castro moved to add the following resolutions to the memorial calendar:

HCR 45 (by Homer), In memory of Sam L. Huggins of Paris.

HCR 46 (by Homer), In memory of Phillip Zachary "Foots" Rutherford of Roxton.

HR 652 (by Quintanilla), In memory of Lorenzo Pacheco Armendariz of Fabens.

HR 654 (by Dutton), In memory of Hugh Lee Conner of Houston.

The motion prevailed.

The resolutions were unanimously adopted by a rising vote.

HR 148 - ADOPTED
(by Hilderbran)

Representative Hilderbran moved to suspend all necessary rules to take up and consider at this time **HR 148**.

The motion prevailed.

The following resolution was laid before the house:

HR 148, Commemorating the 150th anniversary of Uvalde County.

HR 148 was adopted.

(Speaker in the chair)

HB 163 - RULES SUSPENDED

Representative P. King moved to suspend all necessary rules to take up **HB 163**, on the Daily Calendar for May 13, at this time.

The motion prevailed.

MAJOR STATE CALENDAR
HOUSE BILLS
SECOND READING

The following bills were laid before the house and read second time:

HB 163 ON SECOND READING
(by P. King and Ritter)

HB 163, A bill to be entitled An Act relating to the recovery and securitization of hurricane reconstruction costs incurred by certain electric utilities outside of the Electric Reliability Council of Texas area.

A record vote was requested.

HB 163 was passed to engrossment by (Record 71): 140 Yeas, 1 Nays, 1 Present, not voting.

Yeas — Allen, A.; Alonzo; Anchia; Anderson; Bailey; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Corte, V.; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; England; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hernandez; Herrero; Hilderbran; Hill; Hochberg; Homer; Hope; Hopson; Howard, C.; Howard, D.; Hunter; Hupp; Isett, C.N.; Jackson; Jones, D.; Jones, J.; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberg; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Miller; Morrison; Mowery; Naishtat; Nixon; Noriega, R.; Oliveira; Orr; Otto; Paxton; Peña; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rodriguez; Rose; Seaman; Smith, T.; Smith,

W.; Smithee; Solomons; Strama; Straus; Swinford; Talton; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; West; Wong; Woolley; Zedler.

Nays — Hodge.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Denny; Moreno, P.; Olivo; Phillips; Solis.

Absent — Burnam; Hughes; Keel.

MESSAGE FROM THE SENATE

A message from the senate was received at this time (see the addendum to the daily journal, Messages from the Senate, Message No. 1).

HB 163 ON THIRD READING

(by P. King and Ritter)

CONSTITUTIONAL RULE SUSPENDED

Representative P. King moved to suspend the constitutional rule requiring bills to be read on three several days and to place **HB 163** on its third reading and final passage.

The motion prevailed.

The speaker laid **HB 163** before the house on its third reading and final passage.

A record vote was requested.

HB 163 was read third time and was passed by (Record 72): 141 Yeas, 1 Nays, 1 Present, not voting.

Yeas — Allen, A.; Alonzo; Anchia; Anderson; Bailey; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Corte, V.; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; England; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hernandez; Herrero; Hilderbran; Hill; Hochberg; Homer; Hope; Hopson; Howard, C.; Howard, D.; Hughes; Hunter; Hupp; Isett, C.N.; Jackson; Jones, D.; Jones, J.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberger; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Miller; Morrison; Mowery; Naishtat; Nixon; Noriega, R.; Oliveira; Orr; Paxton; Peña; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rodriguez; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Strama; Straus; Swinford; Talton; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; West; Wong; Woolley; Zedler.

Nays — Hodge.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Denny; Moreno, P.; Olivo; Phillips; Solis.

Absent — Burnam; Otto.

RESOLUTIONS ADOPTED

Representative Taylor moved to suspend all necessary rules in order to take up and consider at this time **HR 625 - HR 639, HR 641 - HR 645, and HR 650.**

The motion prevailed.

The following resolutions were laid before the house:

HR 625 (by Campbell), Congratulating Melvin and Dorothy Durst of Fredericksburg on their 50th wedding anniversary.

HR 626 (by Haggerty), Commending the members of Girl Scout Troop 347 of El Paso for their contributions to the community on Daisy Day and throughout the year.

HR 627 (by Haggerty), Congratulating Blayne Woods of El Paso on becoming an Eagle Scout.

HR 628 (by Haggerty), Congratulating Chris Schoenicke of El Paso on becoming an Eagle Scout.

HR 629 (by Haggerty), Congratulating Jonathan Scher of El Paso on becoming an Eagle Scout.

HR 630 (by Haggerty), Congratulating Jason Rusk of El Paso on becoming an Eagle Scout.

HR 631 (by Haggerty), Congratulating Brian Rose of El Paso on becoming an Eagle Scout.

HR 632 (by Haggerty), Congratulating Jonathan Peinado of El Paso on becoming an Eagle Scout.

HR 633 (by Haggerty), Congratulating Tommy Nicholson of El Paso on becoming an Eagle Scout.

HR 634 (by Haggerty), Congratulating Ivan Narciso of El Paso on becoming an Eagle Scout.

HR 635 (by Haggerty), Congratulating Adam Martin of El Paso on becoming an Eagle Scout.

HR 636 (by Haggerty), Congratulating Cory Machen of El Paso on becoming an Eagle Scout.

HR 637 (by Haggerty), Congratulating Moti Lavi of El Paso on becoming an Eagle Scout.

HR 638 (by Haggerty), Congratulating Scott Klengensmith of El Paso on becoming an Eagle Scout.

HR 639 (by Haggerty), Congratulating Evan Kipp of El Paso on becoming an Eagle Scout.

HR 641 (by Haggerty), Congratulating George Howell of El Paso on becoming an Eagle Scout.

HR 642 (by Haggerty), Congratulating Andrew Howell of El Paso on becoming an Eagle Scout.

HR 643 (by Haggerty), Congratulating Trevor Hjalmsquist of El Paso on becoming an Eagle Scout.

HR 644 (by Haggerty), Congratulating James Doyle of El Paso on becoming an Eagle Scout.

HR 645 (by Haggerty), Congratulating Bryan Daw of El Paso on becoming an Eagle Scout.

HR 650 (by Haggerty), Congratulating Nishaal Antony of El Paso on becoming an Eagle Scout.

The resolutions were adopted.

SCR 7 - ADOPTED
(Otto - House Sponsor)

Representative McReynolds moved to suspend all necessary rules to take up and consider at this time **SCR 7**.

The motion prevailed.

The following resolution was laid before the house:

SCR 7, In memory of Bobby Smith of Onalaska.

SCR 7 was unanimously adopted by a rising vote.

SCR 8 - ADOPTED
(Gallego - House Sponsor)

Representative McReynolds moved to suspend all necessary rules to take up and consider at this time **SCR 8**.

The motion prevailed.

The following resolution was laid before the house:

SCR 8, Commending James Barto Arnold III for his work in the field of underwater archaeology and preserving our state's past.

SCR 8 was adopted.

HOUSE AT EASE

At 2:25 p.m., the speaker announced that the house would stand at ease until 4 p.m. today.

The speaker called the house to order at 4 p.m.

MESSAGE FROM THE SENATE

A message from the senate was received at this time (see the addendum to the daily journal, Messages from the Senate, Message No. 2).

HR 506 - MOTION TO ADD NAMES

On motion of Representative Hodge, the names of all the members of the house were added to **HR 506** as signers thereof.

HB 149 & HB 97 - RULES SUSPENDED

Representative Krusee moved to suspend all necessary rules to take up **HB 149** and **HB 97** at this time.

The motion prevailed.

CSHB 149 ON SECOND READING

(by Chisum and Hughes)

CSHB 149, A bill to be entitled An Act relating to the ownership and use of carbon dioxide captured by a clean coal project.

CSHB 149 was read second time.

Amendment No. 1

Representative Chisum offered the following amendment to **CSHB 149**:

Amend **CSHB 149** as follows:

- (1) On page 1, line 15, strike "shall acquire" and substitute "takes".
- (2) On page 1, line 16, between "project" and the period, insert "at the plant gate".
- (3) On page 2, line 3, insert "a" between "LIABILITY," and "The".
- (4) On page 2, line 5, insert "under contract or" between "liability" and "or".
- (5) On page 2, line 7, strike "was captured" and substitute "is injected for permanent storage in a geologic formation".
- (6) On page 2, between lines 7 and 8, insert:
(b) Chapter 101, Civil Practice and Remedies Code, does not apply to a claim against the Permanent University Fund or The University of Texas System for injury or property damage caused by the escape or migration of carbon dioxide after it is injected into a zone in compliance with Section 27.022, Water Code, or into a reservoir in compliance with Section 27.038, Water Code, and the rules under those sections.

Amendment No. 1 was adopted.

CSHB 149, as amended, was passed to engrossment. (In accordance with House Rule 5, Section 51(b), every member present must have favored passage of the measure, but any member may register their position with the journal clerk. No members registered their position on this measure.)

HB 149 ON THIRD READING

(by Chisum and Hughes)

CONSTITUTIONAL RULE SUSPENDED

Representative Chisum moved to suspend the constitutional rule requiring bills to be read on three several days and to place **HB 149** on its third reading and final passage.

The motion prevailed by (Record 73): 141 Yeas, 0 Nays, 3 Present, not voting.

Yeas — Allen, A.; Alonzo; Anchia; Anderson; Bailey; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Corte, V.; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; England; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hernandez; Herrero; Hilderbran; Hill; Hochberg; Hodge; Homer; Hope; Hopson; Howard, C.; Howard, D.; Hughes; Hunter; Hupp; Isett, C.N.; Jackson; Jones, D.; Jones, J.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberg; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Morrison; Mowery; Naishtat; Nixon; Noriega, R.; Oliveira; Orr; Otto; Paxton; Peña; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rodriguez; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Strama; Straus; Swinford; Talton; Taylor; Truitt; Uresti; Van Arsdale; Veasey; Villarreal; Vo; West; Wong; Woolley; Zedler.

Present, not voting — Mr. Speaker(C); Miller; Turner.

Absent, Excused — Denny; Moreno, P.; Olivo; Phillips; Solis.

Absent — Thompson.

The speaker laid **HB 149** before the house on its third reading and final passage.

A record vote was requested.

HB 149 was read third time and was passed by (Record 74): 143 Yeas, 0 Nays, 2 Present, not voting.

Yeas — Allen, A.; Alonzo; Anchia; Anderson; Bailey; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Corte, V.; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; England; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hernandez; Herrero; Hilderbran; Hill; Hochberg; Hodge; Homer; Hope; Hopson; Howard, C.; Howard, D.; Hughes; Hunter; Hupp; Isett, C.N.; Jackson; Jones, D.; Jones, J.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberg; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Morrison; Mowery; Naishtat; Nixon; Noriega, R.; Oliveira; Orr; Otto; Paxton; Peña; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rodriguez; Rose;

Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Strama; Straus; Swinford; Talton; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; West; Wong; Woolley; Zedler.

Present, not voting — Mr. Speaker(C); Miller.

Absent, Excused — Denny; Moreno, P.; Olivo; Phillips; Solis.

HB 97 ON SECOND READING
(by McCall)

HB 97, A bill to be entitled An Act relating to prohibiting certain disruptions at a funeral service; creating an offense.

HB 97 was read second time.

HB 97 - STATEMENT OF LEGISLATIVE INTENT

REPRESENTATIVE DUKES: Representative McCall, thank you for bringing this bill forward. Just for purposes of legislative intent, this is a question that was posed to you by Representative Coleman, but I would like to ensure that for legislative intent that it is on the record and in the record because of your statement that no soldier should have to return and no mother should have to lay their son or daughter to rest dealing with such situations and because of the bill analysis stating that this bill is for soldiers. But the language in this bill, and what many of us would agree, is that no one who is laying a loved one to rest should have to put up with the types of behavior that we have been seeing.

REPRESENTATIVE MCCALL: Thank you Ms. Dukes, that is clearly the intent of this legislation. The bill analysis refers to the terrible things that are happening at the funerals of soldiers because that is what brought the bill about—because of the occurrence and increasing occurrence of this sort of behavior. But the intent of this bill, while it was brought about by that, is clearly to say that in this state behavior such as this at any funeral is unacceptable behavior. It fits the penalty that is on the books already for disrupting meetings. This is clearly a bigger aberration than disrupting a meeting of any kind that can be put back right. But the scars that are created to the families by this sort of behavior are scars that will not heal cleanly and we can do something about it.

DUKES: And this language is identical language to that which is being carried by Congressman McCaul in Washington at this time, that is being discussed in committee?

MCCALL: I don't know that it is identical language or not. I do know that he has misspelled his name at the top where it says by.

REMARKS ORDERED PRINTED

Representative Dukes moved to print remarks between Representative McCall and Representative Dukes.

The motion prevailed.

HB 97 was passed to engrossment. (In accordance with House Rule 5, Section 51(b), every member present must have favored passage of the measure, but any member may register their position with the journal clerk. No members registered their position on this measure.)

HB 97 ON THIRD READING

(by McCall)

CONSTITUTIONAL RULE SUSPENDED

Representative McCall moved to suspend the constitutional rule requiring bills to be read on three several days and to place **HB 97** on its third reading and final passage.

The motion prevailed by (Record 75): 144 Yeas, 0 Nays, 1 Present, not voting.

Yeas — Allen, A.; Alonzo; Anchia; Anderson; Bailey; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Corte, V.; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; England; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings; Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hernandez; Herrero; Hilderbran; Hill; Hochberg; Hodge; Homer; Hope; Hopson; Howard, C.; Howard, D.; Hughes; Hunter; Hupp; Isett, C.N.; Jackson; Jones, D.; Jones, J.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberg; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Miller; Morrison; Mowery; Naishtat; Nixon; Noriega, R.; Oliveira; Orr; Otto; Paxton; Peña; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rodriguez; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Strama; Straus; Swinford; Talton; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; West; Wong; Woolley; Zedler.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Denny; Moreno, P.; Olivo; Phillips; Solis.

The speaker laid **HB 97** before the house on its third reading and final passage.

A record vote was requested.

HB 97 was read third time and was passed by (Record 76): 144 Yeas, 0 Nays, 1 Present, not voting.

Yeas — Allen, A.; Alonzo; Anchia; Anderson; Bailey; Berman; Blake; Bohac; Bonnen; Branch; Brown, B.; Brown, F.; Burnam; Callegari; Campbell; Casteel; Castro; Chavez; Chisum; Coleman; Cook, B.; Cook, R.; Corte, V.; Crabb; Crownover; Davis, J.; Davis, Y.; Dawson; Delisi; Deshotel; Driver; Dukes; Dunnam; Dutton; Edwards; Eiland; Eissler; Elkins; England; Escobar; Farabee; Farrar; Flores; Flynn; Frost; Gallego; Gattis; Geren; Giddings;

Gonzales; Gonzalez Toureilles; Goodman; Goolsby; Griggs; Grusendorf; Guillen; Haggerty; Hamilton; Hamric; Hardcastle; Harper-Brown; Hartnett; Hegar; Hernandez; Herrero; Hilderbran; Hill; Hochberg; Hodge; Homer; Hope; Hopson; Howard, C.; Howard, D.; Hughes; Hunter; Hupp; Isett, C.N.; Jackson; Jones, D.; Jones, J.; Keel; Keffer, B.; Keffer, J.; King, P.; King, T.; Kolkhorst; Krusee; Kuempel; Laney; Laubenberg; Leibowitz; Luna; Madden; Martinez; Martinez Fischer; McCall; McClendon; McReynolds; Menendez; Merritt; Miller; Morrison; Mowery; Naishtat; Nixon; Noriega, R.; Oliveira; Orr; Otto; Paxton; Peña; Pickett; Pitts; Puente; Quintanilla; Raymond; Reyna; Riddle; Ritter; Rodriguez; Rose; Seaman; Smith, T.; Smith, W.; Smithee; Solomons; Strama; Straus; Swinford; Talton; Taylor; Thompson; Truitt; Turner; Uresti; Van Arsdale; Veasey; Villarreal; Vo; West; Wong; Woolley; Zedler.

Present, not voting — Mr. Speaker(C).

Absent, Excused — Denny; Moreno, P.; Olivo; Phillips; Solis.

**ADDRESS BY REPRESENTATIVE C. N. ISETT
ON A MATTER OF PERSONAL PRIVILEGE**

The chair recognized Representative C. N. Isett who addressed the house on a matter of personal privilege, speaking as follows:

Members, I recognize that I am the most junior member of the house, and for me to speak in this manner, I know, is highly unusual. However, this may be the only opportunity I have to address this body on a matter that I feel is of utmost importance and lies deep within my heart. In fact, what I'm about to say to you I believe is so important that I'm going to read it rather than speak freely as I'm accustomed to doing.

HB 1 is a good bill. I am wholeheartedly behind reducing and restraining the growth on the egregious burden of property taxes in Texas. I was glad to vote for it. Carl stayed up way past his bedtime to watch the passage of **HB 1** and be a part of this historic legislation which you all have worked so hard on.

But there is something in this bill which grieves my heart. Something I believe we will pay dearly for in generations to come. That is the education reform measures, which, although well meaning, I believe will be to the detriment of Texas children. I am eager to see Texas children grow and increase in knowledge and education. My goodness, I have seven of them. I earnestly desire for the generation being raised up now to have greater opportunities than there were for the generation before them. But I believe we are on a misguided path with increases in standardized testing and mandated course work.

I know, we all know, the utter frustration from parents and teachers and students over increased regiments and standardized testing. I believe we would all agree that studying to a test and regurgitating is not a true education. We would all agree that the minds of Albert Einstein, Ben Franklin, Thomas Edison, Samuel Morse, Bill Gates, Steve Jobs, and Michael Dell would never have tolerated such infliction upon them. They would never have allowed their creativity and their courage to step into unknown territories, to be held back by the boxes that we force our school children to conform into.

These children were created by God to be unique individuals with unique gifts and talents. They are aching to break free from the tyranny of standardized tests and curriculum "scope and sequence" and express those gifts and talents. But we have systematically legislated them out. We have told the artist that he has to pull back and cut back on blossoming in his chosen art because he doesn't have time. He has to take another math and science class. We have told the very, very bright entrepreneur that his pursuits are worthless because he is not a good test taker and pulls our school ratings down. We have told our teachers that they are not good teachers and don't deserve merits for their efforts because the artists and entrepreneurs in their classes don't deliver the goods in test results.

There is a whole world of knowledge and all of history to study. We could never impart all of it to every child. There's just too much of it. So who has the right to determine what body of knowledge has merit. Who was it anyway that said "every seventh grader needs to know all the parts of the cell and their function?" Why is that more important than, say, the intricacies of weather systems? And why are either of those more important than any other body of knowledge, which delights the heart of a child? Who gives merit to one body of knowledge over another? And yet, through our essential skills and standardized tests, we praise one type of learner and condemn another. We tell our classroom teachers that it doesn't matter that you want to reach the heart of a child. We want you to mold his mind to conform to what we believe is a productive, college-prepped student.

I challenge you, members, in sessions to come as you discuss these crucially important matters to break out of the box. We can no longer afford to measure education success in terms of test results and rigorous curriculum. In that arena, countries like China clearly have us beat. They are disciplined, they are structured, they can produce multiples of what we can produce cheaper—not better, but more of it and cheaper.

The one thing other cultures lack which we possess and which we must fight to hold on to is creativity, imagination, and courage. These are the things which we must foster in education if our children and our nation are to survive. We need minds that are nurtured in discovery, not rote memorization. We need individuals who are able to muster the courage to go where others have never gone. We need to quit trying to cookie cutter every child in Texas schools and let the God-given, God-led creativity and excellence flow out. We need to trust teachers to do what they have been called to do and quit micro-managing them. When it comes to accountability measures in exchange for state funding, we need to hold school administrators responsible for their stewardship of those monies, not place the onerous burden of performance on the shoulders of those who at this point are victims in this debate, the students and their teachers. We need to quit telling parents that their child is a failure because he's not raising our school's ratings with his test results.

What I'm challenging you with will in itself require creativity and courage to do. In the sessions to come, I'm challenging you to trust that children are naturally curious and creative. Trust that if we as adults get out of their way, they will discover and grow in their world every bit as much between the ages of 6 and

18 as they did from birth to age 5. We need to give the teachers in their classrooms the support and discretionary funding to explore and discover with their students. Not funding for more bureaucracy, but funding to buy state of the art equipment to learn on, funding to backpack over Guadalupe Peak, funding to build a boat from scratch and sail it across a big lake. We need to appreciate the value of apprenticeships and, accordingly, to loosen child labor laws enough to provide for them. We need to stop burdening children with standardized testing, which we would all have to honestly agree is not the measure of a true education.

Members, this is a big challenge. I've seen more intellectual firepower in this room in the last three weeks than I've ever seen in one place before. For the sake of our children, for the sake of our nation, let's use that firepower to find a better, more creative, more productive way to approach education reform than the road we've been on.

Thank you for allowing me to speak from my heart.

REMARKS ORDERED PRINTED

Representative Menendez moved to print remarks by Representative C. N. Isett.

The motion prevailed.

HB 149 - RULES SUSPENDED

Representative Chisum moved to suspend House Rule 2, Section 1(a)(9) so that **HB 149** may be sent to the senate in the form of engrossed riders in lieu of a full engrossment.

The motion prevailed.

HCR 41 - ADOPTED

(by C. N. Isett)

Representative C. N. Isett moved to suspend all necessary rules to take up and consider at this time **HCR 41**.

The motion prevailed.

The following resolution was laid before the house:

HCR 41, Honoring Nancy Schunke of Lubbock ISD on her receipt of the 2005 Presidential Award for Excellence in Mathematics and Science Teaching.

HCR 41 was adopted.

(Woolley in the chair)

HOUSE AT EASE

At 5:21 p.m., the chair announced that the house would stand at ease until 6 p.m. today.

The speaker called the house to order at 6 p.m.

PROVIDING FOR ADJOURNMENT

Representative McClendon moved that, pending the receipt of messages from the senate, the house adjourn until 10 a.m. Monday, May 15 in memory of Chasity Nicole McNeil of San Antonio.

The motion prevailed.

MESSAGES FROM THE SENATE

Messages from the senate were received at this time (see the addendum to the daily journal, Messages from the Senate, Message Nos. 3 and 4).

(Otto in the chair)

ADJOURNMENT

In accordance with a previous motion, the house, at 9:59 a.m. May 15, adjourned until 10 a.m. today.

ADDENDUM

SIGNED BY THE SPEAKER

The following bills and resolutions were today signed in the presence of the house by the speaker:

Senate List No. 4**SCR 5, SCR 6****MESSAGES FROM THE SENATE**

The following messages from the senate were today received by the house:

Message No. 1**MESSAGE FROM THE SENATE****SENATE CHAMBER**

Austin, Texas

Friday, May 12, 2006

The Honorable Speaker of the House

House Chamber

Austin, Texas

Mr. Speaker:

I am directed by the senate to inform the house that the senate has taken the following action:

THE SENATE HAS PASSED THE FOLLOWING MEASURES:**HCR 37**

Gallego

SPONSOR: Madla

In memory of Officer Billy J. Zachary.

SCR 7 Staples
In memory of Bobby Smith of Onalaska.

SPONSOR: Otto

SCR 8 Madla
Commending James Barto Arnold III for his work in the field of underwater archaeology and preserving our state's past.

SPONSOR: Gallego

Respectfully,
Patsy Spaw
Secretary of the Senate

Message No. 2

MESSAGE FROM THE SENATE
SENATE CHAMBER
Austin, Texas
Friday, May 12, 2006 - 2

The Honorable Speaker of the House
House Chamber
Austin, Texas

Mr. Speaker:

I am directed by the senate to inform the house that the senate has taken the following action:

THE SENATE HAS PASSED THE FOLLOWING MEASURES:

HB 5 Hamric
Relating to increases in the taxes on cigarettes and other tobacco products.
(COMMITTEE SUBSTITUTE)

SPONSOR: Armbrister

HCR 47 Pitts
Congratulating the 2006 State Champion Waxahachie High School Lady Indian basketball team.

SPONSOR: Averitt

THE SENATE HAS ADOPTED THE FOLLOWING CONFERENCE
COMMITTEE REPORTS:

HB 2 (19 Yeas, 8 Nays)

Respectfully,
Patsy Spaw
Secretary of the Senate

Message No. 3

MESSAGE FROM THE SENATE
SENATE CHAMBER
Austin, Texas
Sunday, May 14, 2006

The Honorable Speaker of the House
House Chamber
Austin, Texas

Mr. Speaker:

I am directed by the senate to inform the house that the senate has taken the following action:

THE SENATE HAS PASSED THE FOLLOWING MEASURES:

HB 63 Pitts SPONSOR: Williams
Relating to appropriations to pay for damages and disruptions suffered by Lamar University and its related institutions caused by Hurricanes Katrina and Rita.
(AMENDED)

HB 97 McCall SPONSOR: Duncan
Relating to prohibiting certain disruptions at a funeral service; creating an offense.

HB 154 Luna SPONSOR: Lucio
Relating to the administration of the Irma Rangel School of Pharmacy.

HB 163 King, Phil SPONSOR: Williams
Relating to the recovery and securitization of hurricane reconstruction costs incurred by certain electric utilities outside of the Electric Reliability Council of Texas area.

HCR 38 King, Phil SPONSOR: Nelson
Honoring David Barton on his outstanding tenure as vice chair of the Republican Party of Texas.

HCR 48 Chisum SPONSOR: Shapiro
Instructing the enrolling clerk of the house to make corrections in **HB 1**.

Respectfully,
Patsy Spaw
Secretary of the Senate

Message No. 4

MESSAGE FROM THE SENATE
SENATE CHAMBER
Austin, Texas
Sunday, May 14, 2006 - 2

The Honorable Speaker of the House
House Chamber
Austin, Texas

Mr. Speaker:

I am directed by the senate to inform the house that the senate has taken the following action:

THE SENATE HAS PASSED THE FOLLOWING MEASURES:

HB 149 Chisum SPONSOR: Averitt
Relating to the ownership and use of carbon dioxide captured by a clean coal project.
(COMMITTEE SUBSTITUTE)

HB 153 Morrison SPONSOR: Zaffirini
Relating to authorizing the issuance of revenue bonds or other obligations to fund capital projects at public institutions of higher education.
(COMMITTEE SUBSTITUTE/AMENDED)

HCR 25 Hilderbran SPONSOR: Fraser
In memory of legendary Texas songwriter Cindy Walker of Mexia.

HCR 29 Hughes SPONSOR: Eltife
In memory of Glenn Canfield, Jr., of Longview.

HCR 45 Homer SPONSOR: Eltife
In memory of Sam L. Huggins of Paris.

HCR 46 Homer SPONSOR: Eltife
In memory of Phillip Zachary "Foots" Rutherford of Roxton.

SCR 9 Staples SPONSOR: Farabee
Memorializing Congress to permanently extend the federal income tax deductibility of state and local sales taxes.

SCR 10 Duncan
Congratulating Brett and O'Neal Underwood on the birth of their son, Arch Teaff Underwood.

Respectfully,
Patsy Spaw
Secretary of the Senate

APPENDIX

STANDING COMMITTEE REPORTS

Favorable reports have been filed by committees as follows:

May 11

Public Education - **HB 36, HB 37**

Regulated Industries - **HB 163**

State Affairs - **HCR 43, HR 341, HR 445**

ENGROSSED

May 11 - HB 63, HB 154

ENROLLED

May 11 - HCR 27, HCR 32, HCR 33, HCR 35

